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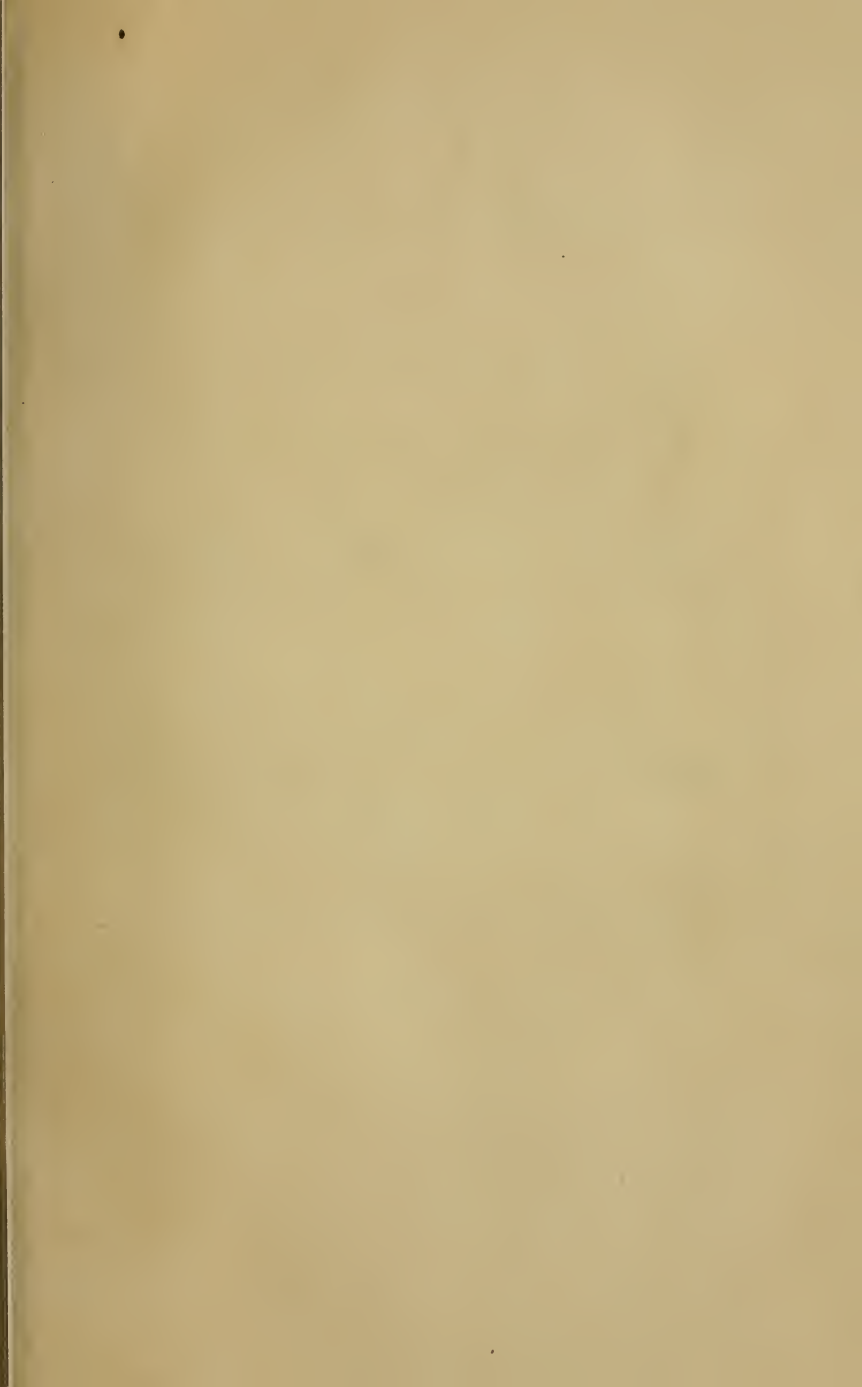
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ERNEST GLENN



A. Hamilton Bell

AN
[INQUIRY
INTO THE
STATE OF OUR COMMERCIAL RELATIONS
WITH THE
NORTHERN POWERS,
WITH REFERENCE TO OUR TRADE WITH THEM
UNDER THE
REGULATION OF LICENCES,
THE ADVANTAGE WHICH THE ENEMY DERIVES FROM IT,
AND ITS
EFFECTS ON THE REVENUE,
THE COURSE OF THE FOREIGN EXCHANGES, THE PRICE
OF BULLION,
AND THE
GENERAL PROSPERITY OF THE BRITISH EMPIRE.

LONDON:

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1811.

PREFACE.

IN submitting this production to the Public, the Author is abundantly sensible of its many imperfections. Still, however, he trusts, that it will be found to contain some useful information, and some correct views, on points, which, at this moment, are of great practical interest.

To the policy of encouraging, under the regulation of licences, an extensive import-trade with States at war with this country, and of compelling the Bank to resume its payments in specie, under any circumstances similar to those of the actual

situation of our affairs, the Author acknowledges himself to be decidedly adverse. Upon these important points his sentiments are equally at variance with those which appear to be entertained both by the authorities, under whose sanction the former is conducted, and by those who think it highly expedient, that the adoption of the latter measure should not unwisely be too long delayed.

Subjects of this nature have no dependence whatever on party considerations. The Author, therefore, is, on this occasion, perfectly unbiassed by any motives of this description. His views are untinctured by party preferences. For many of the individuals, from whom he differs, he feels the highest personal regard; and he would

place himself among the foremost in doing justice to the talents, and to the many estimable qualities, by which they are distinguished.

But the subjects of the following inquiry have no connection with personal views, or political partialities. Their bearings are of general interest. Their relation to the prosperity of the empire is the only point in which they ought to be abstractedly considered.

To inquiries into the state of our circulating medium, the attention of the public has, of late, been much directed; but their final judgment on it remains yet to be pronounced. All precipitancy of decision should be sedulously avoided; and the materials upon which this judgment is to be formed, should

be carefully balanced and examined, before any measure for its future regulation be finally adopted.

The following performance was intended as a contribution towards the common stock of materials, of which the public are already in possession; and which, if no unsound opinions be promulgated, can, upon a subject of such paramount importance, hardly be multiplied to excess.

The author feels himself compelled to acknowledge, with unaffected regret, that he has been prevented, by other avocations, from bestowing more time and less undivided attention to the subject, in order to do more justice to his own arguments. Without hesitation, however, he can venture to

declare, that whatever may be the number of its inaccuracies, or however defective its arguments may be found, in committing the following production to the press, he has been influenced by no private motive, either political or commercial, but has been guided, solely and exclusively, by views of public utility.

London, April 2d,
1811.

AN INQUIRY
INTO THE
STATE OF OUR COMMERCIAL RELATIONS,
WITH THE
NORTHERN POWERS, &c.

THE contest in which we are engaged, is distinguished by a feature peculiarly its own, and which separates it from the class of ordinary wars; for in no former instance of an appeal to arms, have the utmost efforts of the enemy been so exclusively directed against our financial resources. Our commercial prosperity is the main spring from which these resources have hitherto been abundantly supplied; the foundation upon which has been erected the stupendous fabric of our wealth and power. To undermine, and, if possible, to level this magnificent structure with the ground, is an exploit with which the enemy

still vainly hopes to close his career of victory. That in this hope he must be disappointed, will be denied by no one who is capable of justly appreciating the solidity of the foundation, upon which this substantial edifice is raised.

Admitting, however, the certain failure of that new mode of hostility, which aims at the ultimate ruin of the British Empire, through the gradual extinction of the main sources of its commercial prosperity, yet, it would be idle and absurd to assert, that the enemy's plan of warfare has been altogether unsuccessful. His persevering and unremitted attempts to cut off all commercial communication between this country and the Continent, have certainly prevailed to a considerable extent, by the aid of a vigilant, harsh, and rigorous enforcement of the Continental System. But the evils it entails on the unhappy countries subjected to the capricious and arbitrary dominion of the French Ruler, are greater than those which it imposes on ourselves. The necessity of relaxing it will probably be felt abroad long before it could bring upon this country those very calamitous effects, for the production of which it was organized and adopted. The absolute wants

of mankind are, indeed, so numerous, and so peremptorily demand to be supplied, that the despotism that would attempt entirely to suppress them, must prove, in the end, an odious and fruitless exercise of tyrannical power, and eventually lead to the discovery of its own weakness.

Still, however, while Bonaparte's system of exclusion shall continue to be rigorously and unsparingly enforced against us, we must be prepared to expect, in the general resources of the country, a deficiency exactly proportionate to the extent of its exclusion. Although time may provide a remedy for this evil, it is of sufficient magnitude to demand our immediate attention to the degree in which it affects our revenue, and our commercial interests in general. We may thereby be in some measure enabled to determine, how it may most effectually be counteracted, and whether, under the pressure of such an injury, the nature of our commercial relations with foreign and hostile states, may not have been modified upon an erroneous principle.

In such an inquiry, the policy and expediency of granting licences for the control and regulation of various branches of commerce,

with states at war with this country, would, of course, require its due share of attention and deliberate investigation.

Although the prohibitory decrees of the enemy were at first put into more complete operation against us, in those countries which have the misfortune to be placed under his immediate dominion, yet, by far the greater losses we have experienced, have arisen from the successful extension of his baneful system to those states, which the events of the times had forced into political alliance with him. In the ports of the Baltic, our losses by confiscation have been ruinous beyond all precedent, and the real extent of their injurious effects on our mercantile interests remains yet unascertained. How far they might have been avoided by a more provident attention to the progressive ascendancy of French councils in the measures of the Northern Powers, and to what degree these immense sacrifices might have been saved by a more cautious line of commercial policy, are points of no inconsiderable importance. Such investigations, it is true, cannot now supply a remedy for the evils we have sustained; but something will be gained from them, if they should only contribute to throw the least

additional light on the general complexion of our relations with the Northern States, and afford but a single useful hint for the regulation of our future intercourse with those powers.

A cursory review of the circumstances and events, which have closed the Baltic ports against us, may, without impropriety, precede both an enquiry into the policy of regulating our commercial intercourse with the enemy by means of licences, and the incidental consideration of some other points connected with the general prosperity of the British Empire.

Previously to the peace of Tilsit*, the ports of the Baltic were, for the most part, open to our commerce. The unsuccessful issue of the Russian campaign prepared the way for the establishment of a new order of things, which afterwards closed the relations of amity then subsisting between this country and the Northern States. The early change in the sentiments of the Russian Cabinet was perhaps chiefly to be attributed to the stipulations contained in the treaty of Tilsit. Indeed, the spirit in which those engagements were formed, was soon manifested by the

* Concluded between France and Russia 7th July, 1807.

conduct, which Russia observed towards Great Britain ; for it is an important feature in her proceedings, that, although the attack upon Zealand was subsequently made a principal ground of hostility against this country, yet, when that government was first apprized of the siege of Copenhagen, there was a greater prospect of success, than had for some time appeared, in the efforts of the English Ambassador to restore the two countries to their ancient good understanding*.

From this circumstance, independently of any abstract consideration of the expediency or impolicy of the measure, it has been conceived, that our retention of Zealand might have deferred, or, perhaps, entirely prevented the war that ensued with Russia ; for no dissatisfaction appears to have been expressed at this enterprize by the Cabinet of

* “ Nor can his Majesty forget, that the first symptoms of reviving confidence, since the peace of Tilsit, the only prospect of success in the endeavours of his Majesty’s Ambassador to restore the ancient good understanding between Great Britain and Russia, appeared when the intelligence of the siege of Copenhagen had been recently received at St. Petersburg.” Declaration of war against Russia ; dated at Westminster, December 18th, 1807.

St. Petersburg, until after the terms of the capitulation were declared, upon which that island was to be evacuated. Nor did Russia determine upon war, before this evacuation was known to be in a course of execution.

This assertion may to some persons appear enigmatical. But if we reflect on the disasters, which brought the war with France to so speedy a termination; if we consider how much Russia had lost in the scale of national importance, and how naturally she would have seized any opportunity of redeeming her diminished consequence and influence, it becomes the less difficult to imagine, that our possession, during the continuance of hostilities with France, of so commanding a station in the Baltic, as the Island of Zealand, might have had much weight in the ultimate decisions of the Russian Cabinet. It is far from being impossible, that this very circumstance might have relaxed the new connection between Russia and France, and have induced the former to avail herself of the earliest moment of disengaging herself from an alliance so little consonant to the true interests of her empire. Were it possible to ascertain, that such

were actually the views of that government, it would appear singularly inconsistent, if the same violation of neutrality, which had been declared to be a just ground for hostilities with this country, should, under circumstances of material aggravation, have constituted a reason for cultivating with us an intimate union and alliance. Strange as it may seem, it is nevertheless the opinion of many persons distinguished for their intelligence, and their extensive knowledge of Russian affairs, that the question of peace or war with Great Britain depended, in a great measure, on our retention or evacuation of Zealand.

The hostile steps which Russia was about to take against this country, were however, not immediately enforced with any marked severity; but were, on the contrary, executed in such a manner as to produce no material injury to the British merchants engaged in the Russia trade. This moderation, too, was practised in opposition to the most urgent and strenuous efforts of the agents of the French Government. The war that ensued was followed by the sequestration of a few British vessels still remaining in the Russian ports, as well as of the property of all de-

scriptions in the possession of the British residents in that empire*.

* It is not unworthy of remark, that, in the manifesto issued by the Emperor Alexander, this apparent lenity and moderation were sacrificed to a spirit of the most determined and inveterate hostility. "His Imperial Majesty breaks off all communication with England.—He abrogates for ever every act hitherto concluded between Great Britain and Russia, and particularly the convention concluded in 1801.—*He proclaims anew the system of the armed neutrality*, that monument of the wisdom of the Empress Catherine, and binds himself never to recede from that system.—He calls upon England to give complete satisfaction to his subjects with respect to all just claims they may set up, of ships and merchandizes seized and detained, contrary to the express tenor of the treaties concluded during his own reign.—The Emperor gives warning that nothing shall be re-established between Russia and England, until the latter shall have given satisfaction to Denmark."—(Declaration of Russia against England, dated at St. Petersburg, 26th October, 1807.)

The counter-declaration issued by the British cabinet, 18th December, 1807, contained a spirited and pointed reply to the charges of the Emperor of Russia. On the treaty of Tilsit, the revival of the armed neutrality, the vexation of Russian commerce, and the attack on Copenhagen, it has the following passages.—"His Majesty was not unaware of the nature of those secret engagements imposed upon Russia in the conferences of Tilsit.—His Majesty deemed it necessary to require specific explanation with respect to those arrangements with France, the concealment of which from his Majesty could not but confirm the

With respect to Denmark, there has been but little direct trade with that country, and it has, at no time, formed an important branch of our commerce. It would, indeed, have been a desirable object to have had the means of availing ourselves of Denmark as a channel for exportation; but the inveterate hostility of the Danes presented no ground for hoping that this could be effected*. If

impression already received of their character and tendency.”—

“*His Majesty proclaims anew those principles of maritime law, against which the armed neutrality, under the auspices of the Empress Catharine, was originally directed; and against which the present hostilities of Russia are denounced. Those principles have been recognized and acted upon in the best periods of the history of Europe; and acted upon by no power with more strictness and severity than by Russia herself in the reign of the Empress Catharine.*”—“The vexation of Russian commerce by Great Britain is, in truth, little more than an imaginary grievance.”—“His Majesty feels himself under no obligation to offer any atonement or apology to the Emperor of Russia for the expedition against Copenhagen. It is not for those who were parties to the secret arrangements of Tilsit, to demand satisfaction for a measure to which those arrangements gave rise, and by which one of the objects of them has been happily defeated.”

* Though the rupture with Denmark, and the various circumstances which produced it, are of so recent a date as to be fresh in the recollection of every one, yet, as some

such sentiments had not prevailed to our disadvantage, some trade with the interior of Germany might have been carried on through Holstein; but the daily extension of French

of the Danish decrees have been distinguished by a spirit of rigorous proscription, quite incompatible with the mild character of the Danish government, it may not be irrelevant concisely to allude to those events, to which this unexampled severity is perhaps to be attributed. In the British declaration, relative to the war with Denmark, it is stated that "His Majesty had received the most positive information of the determination of the present ruler of France to occupy with a military force the territory of Holstein, for the purpose of excluding Great Britain from all her accustomed channels of communication with the continent: of inducing or compelling the court of Denmark to close the passage of the Sound against the British commerce, and navigation; and of availing himself of the aid of the Danish marine for the invasion of Great Britain and Ireland." (Declaration of the King of Great Britain, dated Westminster, Sept. 25th, 1807.) Mr. Jackson, the English Minister at Copenhagen, had, it appears, been instructed to demand the temporary deposit of the Danish navy in one of his Britannic Majesty's ports, and to pledge the restoration of it, at the conclusion of a general peace, in the same condition and state of equipment, as when received under the protection of the British Flag. On the 16th of August, a proclamation containing a similar demand, was issued at Zealand by Admiral Gambier and Lord Cathcart. Mr. Jackson having already failed in the object of his instructions, had, on the 18th of August, requested passports for himself and suite. From this time, the Danish government considered the

control would probably have soon brought it to a close. That part of the Baltic trade, which was confined to Denmark, has never been considerable. Its extinction, therefore,

war between England and Denmark as actually commenced, and their proclamation against England, issued at Gluckstadt, August 16, 1807, ordains the seizure of all English ships and goods; the arrestation of all English subjects, without exception, until they could be sent out of the country; that all correspondence with English subjects should cease; and that no payment should be made to them on any ground whatever, until further orders, on pain of severe punishment.—Much more severe penalties were shortly afterwards enacted. In the Patent, issued at Rendsberg, October 30, 1807, relative to the punishment of persons in Sleswick and Holstein, carrying on any trade with the enemies of Denmark, it is enacted, that, “any connection or correspondence with the subjects of Great Britain, though carried on by means of a third person or party, shall be punished with severe imprisonment; but, if the said correspondence shall have been carried on *immediately* between our subjects and the enemies of the country, the former shall be punished with *death*.” The excessive severity of this penalty very strikingly manifests the extent to which the Danes were exasperated against this country, on account of the seizure of their fleet. It appears to have been entirely their own act, and uninfluenced by the suggestions or the control of the French government. For, at the time of our Expedition, the cabinets of Copenhagen and of the Thuilleries were not in perfect amity. Suspecting that France had some designs upon Holstein, the greater part of the Danish army had been stationed in that Duchy. In the *Moniteur* of September 20, 1807, allusion is made,

is not a very material point, with reference to the whole amount of our commerce with the Northern Powers.

This State, indeed, had been obliged to adopt and enforce repeated restrictions on her foreign commerce, very detrimental to her true interests, and by which she has, in a great measure sacrificed her transit trade. At this time, she has hardly any foreign commerce at all, even with neutral powers; for, by the compulsory adoption of regulations made in conformity to those imposed by the Trianon decree of August 5, 1807, and of the French decrees of the 4th and 8th of October, 1810, all colonial produce already imported was subjected to the payment of enormous duties, and the further importation of it, for transit, virtually interdicted; as similar arbitrary and excessive duties were continued on all articles of such produce as might, in future, be either captured or im-

in the language of dissatisfaction, to this circumstance. "Denmark has acted a foolish part, and has had this, *in common with the Continent*, that she has *always* been *distrustful* towards France, and giving all credit to the boasting and pretensions of the upright cabinet of London. Surely, *if the Danish army had been in Zealand*, instead of being on the Continent, at the moment when the English made their appearance, the latter never would have had success."

ported. In exacting of Denmark the adoption and enforcement of these regulations, France expected, by thus striking at the root of foreign commerce in general, to succeed in preventing it from being carried on with that country through the intervention of neutral flags ; or, at least, to place this state on the same footing, with respect to such commerce, as France herself.

At the same time, she extorted a revenue from the property already in Denmark ; for the holders of this property could hope to indemnify themselves for the amount of these exactions, only by availing themselves of the permission, granted by the above-mentioned decrees of the 4th and 8th of October, to declare them for exportation to Hamburgh, by which they acquired the privilege of disposing of them in any part of the French territory. This decision was required to be made instantly*, and it was generally adopted,

* “ 1. Every one who in our Duchies has in his possession the commodities specified in the French tarif, as merchandize, or appertaining to merchandize, shall be bound, without delay, and within 24 hours at farthest after the communication of this our order, to give an account to his superior magistrate, and the Inspector of Customs, what and how much of the above commodities he has in his possession or custody.”

notwithstanding the inability of the holders to pay these duties, under the expectation that some arrangements must ultimately be made by the French Government, in order to facilitate these payments, which would otherwise be impracticable; for the duties upon most colonial articles exceeded 200 per cent. This led to a negotiation, by which the holders were permitted, as a boon forsooth, to pay these duties in kind; by which arrangement the proprietors were more benefited, or rather less injured, than if, by paying the amount of the duties, they had incurred the contingent risk of afterwards disposing of the whole upon their own account; for, it is evident, that a change of circumstances might have materially affected the value of the property left in their possession.

Sweden, however, still continued faithful to her alliance with Great Britain, and her ports and harbours remained open to our

“ 2. Within 48 hours after this, he must communicate to the said officers, what and how much of these commodities he means to give notice of to the French Director of the Customs in Hamburgh, for conveyance into that place, in order to the payment of the duties specified in the said French tariff.” Danish Ordinance, dated at Fredericksberg, 20th October, 1810.

commerce ; but they afforded no material extension of commercial benefits beyond those which resulted from the relations existing with that power previously to the then restricted situation of affairs in the Baltic. The events of the war in which Sweden was involved, in consequence of the fidelity with which she maintained her engagements with this country, rendering it necessary to purchase peace by the cession of Finland to Russia *, and by the partial adoption of the restrictive measures resorted to by France, the commercial relations between this country and Sweden became consequently interrupted. But the friendly disposition of the court of Stockholm towards Great Britain experienced in reality no diminution. In the treaty concluded between Russia and Sweden, the right of importing colonial produce and salt, but not in British bottoms, was secured to the latter power by an express stipulation to that effect †.

* Treaty of peace concluded at Fredericksham, 5th September, 1809. Art. 4 and 5.

† “ His Majesty the King of Sweden, in order to give an evident proof of his desire to renew the most intimate relations with the august allies of his Majesty the Emperor of all the Russias, *promises to adhere to the Continental system, with*

From this circumstance it was hoped, that Sweden might not only continue to import colonial produce, but, from the demand for these commodities in the North of Europe, might become a channel for their introduction into other countries. With respect to British manufactures, their importation had always been prohibited, either in transit, or for home consumption; and her transit trade was confined to raw commodities, and specifically restricted to the ports of Gottenburgh and Carlshamn. But these hopes were extinguished by the violent measures which forced Sweden into a reluctant and unnatural alliance with the powers arrayed in hostility against this country. Her former commercial relations with England were thus drawn nearly to a close; for she was then obliged to abandon the privilege for which she had

such modifications as shall be more particularly stipulated in the negociation which is about to be opened between Sweden, France, and Denmark. Meanwhile, his Swedish Majesty engages, from the exchange of the ratifications of the present treaty, to order that the ports of the kingdom of Sweden shall be closed, both to the ships of war and merchantmen of Great Britain, with the exception of the importation of salt and colonial productions, which habit has rendered necessary to the people of Sweden." Art. 3, of the above treaty.

stipulated in the above-mentioned treaty with Russia, with regard to the importation of colonial produce, retaining only that of importing salt for her own consumption, but not in British vessels. Immediately after the arrival of the Crown Prince in Stockholm, the connection, which had so long and so advantageously to both countries subsisted between Great Britain and Sweden, was finally terminated by the declaration of war against England, which the former was compelled to issue, in subservience to the views of the French government. At the same time, the confiscation of British and colonial produce was required, but without producing from Sweden an implicit acquiescence in the demand;—and she continued to give protection to such property as had been imported previously to her engagements with France; and, though she ultimately yielded to the demands of Bonaparte, afforded her subjects sufficient time to complete all such commercial transactions as had been entered into antecedently to that period. But, to obtain this end, she was obliged to submit to the alternative of prohibiting the exportation of these goods, and of interdicting the impor-

tation, even from neutral countries, of any fresh supplies of colonial produce*.

With Norway there has certainly been more commercial intercourse than with Denmark, notwithstanding the intemperate violence of the Danish decree prohibiting all

* No very material change, indeed, was, for some time, produced in the commercial relations between this country and Sweden, even by the revolution which was effected in the Swedish Government on the 13th of March, 1809. This important event is to be ascribed partly to domestic dissatisfaction, and partly to foreign influence. Upon the deposition of the King, the Duke of Sudermania, his uncle, assumed the government of the country as Regent, and issued, on the 14th of March, a proclamation for assembling a General Diet in Stockholm on the 1st of May. The Diet then invested him with the sovereign power, and, on the 6th of June, the Duke ascended the throne with the title of Charles XIII King of Sweden, and of the Goths and Vandals. The sudden and mysterious death of the Crown Prince, which happened shortly afterwards, left vacant the succession to the throne. The new King, on the 18th of August, 1810, proposed Bernadotte, the Prince of Ponte Corvo, to the Diet for their election; and he was immediately declared successor to the Swedish throne. This singular event might naturally be supposed to draw infinitely closer the relations between Sweden and France; but from the dissatisfaction recently manifested against the Swedish government by Buonaparte, it might be presumed, that it has not yet had the effect of forcing upon Sweden the unconditional adoption of the Continental System.

direct connection with this country. This intercourse arose, in great measure, from the distress which prevailed in Norway, and from the necessity of seeking relief by an illicit exportation of their produce to this country; and it has been allowed to be continued, although it afforded but few reciprocal advantages.

The situation of the Prussian government was peculiarly embarrassing. Stripped of a considerable portion of her territory by her former *sincere* friend and *magnanimous* ally, and having no military resources to enable her to assume an independent line of policy, she was ultimately compelled, however reluctantly, and after many efforts still to preserve a friendly intercourse with Great Britain, to fall into the general plan of hostility pursued against us by the Northern Powers. These efforts, however, justified the lenity which marked the hostile proceedings of this country against her; and the mutual inclinations of the two powers, for some time, gave to the trade still subsisting between them some facilities, and some reciprocity of benefit*.

* The political and commercial relations between Great Britain and Prussia underwent, within a short period, many

Incapable as Denmark, Sweden, and Prussia appear thus to have been, of asserting

important changes. After the peace between France and Austria, which was concluded at Presburg, 26th of December, 1805, the King of Prussia entered into a convention with Buonaparte, in pursuance of which the former took possession of the States of his Britannic Majesty in Germany, professing at that time an intention of occupying them only till the conclusion of a general peace. The pretext for this step, as stated in the Prussian Proclamation issued at Berlin, 27th of January, 1806, was a desire "to ward off from these districts the flames of war, and its disastrous consequences, which momentarily threatened the North of Germany, and particularly the countries of the Electorate of Brunswick."— France, however, having demanded of Prussia the cession of Anspach to Bavaria, and of Cleves and Neufchatel, the Prussian Government, with equal folly and injustice, presumed to indemnify itself for these sacrifices by taking possession of his Majesty's Electoral dominions as belonging by right of conquest to France, who was therefore authorized to grant them to Prussia in exchange for the ceded Provinces. It is singular enough, that, in the Prussian declaration of war against France, issued at Erfurth, 9th October, 1806, one of the prominent charges against the latter is, that, in the midst of the peace, which the German Empire had purchased by immense sacrifices, "French troops made an irruption into the territory of Hanover, which had no relation to the war between France and England."

There is strong ground for believing, that the flagrant proceeding of the Prussian Government, with respect to the forcible possession of the Hanoverian territory, took place in consequence of an arrangement determined upon in the

their national independence, it was not to be expected, that any of the minor powers in

secret treaty concluded by Count Haugwitz with the French General, Duroc.

This act of injustice was immediately followed by the shutting of the ports in the German Seas, and that of Lubeck, against the British flag, which, because the same step had been taken by the French during their possession of Hanover, was stated, by the Prussian government, to be the indispensable condition of an arrangement, by which that country was protected from the entry of the French troops, and the tranquillity of the North of Germany preserved. To such an acquisition Prussia could advance no right; for, though France should have regarded the Electorate of Hanover as a conquest, yet as it was contrary to the established usage of war to dispose definitively of any conquest, before the conclusion of peace, France was not justified in ceding this Electorate to Prussia, and the latter was still less so in annexing it definitively to her own dominions. Against this proceeding Mr. Fox remonstrated, 17th March, 1806, and, on the 20th of April, war was formally declared against Prussia. It appears from the French *Exposé*, in the *Moniteur* of the 9th April, 1806, that France expected that a rupture with Prussia would materially injure the commerce of this country, and that one of its first consequences would be the shutting of the ports of the North against the English trade. At the same time, she vainly flattered herself, that Prussia, thus forced into connection with France, could succeed, in conjunction with her, in closing the Sound against the British flag.

Prussia, however, was soon afterwards involved in a war with France, her late ally.—This event soon restored the former relations of amity with Great Britain; and peace with

the Baltic could at all venture to oppose the powerful control of French influence. Into a few of these ports, nevertheless, some trade found admittance; but, as might have been anticipated, these commercial channels were soon closed against us by the restless vigilance of our persevering and enterprizing enemy.

Prussia was signed at Memel, on the 23rd January, 1807. By the 6th article of this treaty "His Majesty the King of Prussia engages not to impede, nor to allow any other powers to impede, the free navigation of his Britannic Majesty in any of the ports of his dominions; but on the contrary, to afford full liberty to the English flag to enter into and to proceed from the above mentioned ports in the same manner, as before the late closing of the rivers Ems, Weser, and Elbe."

The disastrous events of the Prussian war obliged this power, in less than six months after the signing of the treaty of Memel, to reverse the stipulations contained in the 3rd article of that treaty.—By the 27th article of the treaty concluded between Prussia and France, at Tilsit, on the 9th of July, 1807, the British flag is again excluded from the Prussian ports.—"Until the day of the ratification of the future definitive treaty of Peace between France and England, all the countries under the dominion of his Majesty the King of Prussia, without any exception whatsoever, shall be shut against the trade and navigation of the English; no shipment to be made from any Prussian port for the British Isles, or British Colonies; nor shall any ship which sailed from England or her Colonies, be admitted into any Prussian port."

Previously to the incorporation of Holland with France, means were found, notwithstanding the steps taken by the latter to prevent our trading with the Dutch, to carry on a limited commerce with them. But since that event, the practicability of introducing merchandize of any description into that country has been very materially obstructed*.

* The mode in which the republic of Holland was first changed into a monarchy, and afterwards annexed to the French empire, furnishes a strong instance of the promptitude with which Bonaparte seizes on every pretext for the aggrandisement of his dominion.—The first intimation of a change in the form of the Dutch Government seems to have been made in the French Exposé, which appeared in the *Moniteur* of the 9th April, 1806. The Grand Pensionary, M. Schimmelpenninck having lost his sight, it is asked, in this Exposé, who is to be his successor? After alluding to the defects existing in the Dutch republican constitution, it is observed, that, “if the landholders, the merchants, the enlightened men, are of opinion, that they can have a representation made by the choice of the people without distinction of classes, or religion, they will create a system much more proper than the present one. If that be not their opinion, and that they think it necessary to have recourse to a *constitutional monarchy*, they will do that which will be more advantageous to their country than the preservation of their existing constitution can be.”

It has long been the established practice of the French

The capture and possession of Heligoland afforded, from its contiguity to the continent, a station of some commercial importance to us, and, for a while, supplied considerable facilities for maintaining an intercourse

government to intimate, in this apparently vague and incidental way, the most important changes which it is about to effect; and, accordingly, we find, that, on the 24th of May ensuing, a treaty was concluded between Buonaparte, and their High Mightinesses, by which the Dutch constitution was completely new-modelled, and that once celebrated republic converted into a monarchy. To the formal demand of their High Mightinesses, that the crown should be conferred on Louis Buonaparte, his brother *graciously accedes*, and, in the same instrument, *solemnly guarantees to Holland the maintenance of her constitutional rights and independence*. In justice to Louis Buonaparte; it must be admitted, that during his short reign, he connived, as far as possible, and in direct violation of Buonaparte's peremptory injunctions, at such commercial relaxations as the welfare and prosperity of his subjects indispensably required. This attention to the interests of the Dutch, exposed him to the relentless displeasure of his brother, and, on the 3rd July, 1810, he resolved on the abdication of the crown in favour of his eldest son. Buonaparte, however, created the latter Grand Duke of Berg, and by a decree issued at Rambouillet, on the 9th July, 1810, Holland was united to France. The reduction of the unpaid interest of the debt for 1808 and 1809 to one third, and the payment of 50 per cent, *ad valorem*, on all colonial produce in Holland, constituted only a part of the benefits which the Dutch immediately derived from this union!

with an extensive line of coast. This entrepôt soon attracted the serious attention of the French Government, and the rigorous measures to which they resorted diminished and finally suppressed nearly all communication from thence with the neighbouring states.

Some commerce, however, existed with the Austrian States, and, through them, with Germany, which might have been considerably augmented, had not the communication with Austria been closed by the conditions of the peace, which she was compelled to conclude with Buonaparte*. Since then all attempts have failed to introduce British manufactures, and colonial produce into Germany, through the ports of the Adriatic.

It may be mentioned here, in passing,

* By the 7th article of the treaty of peace between Austria and France, concluded at Schoenbrun, 15th October, 1809, "His Majesty, the Emperor of the French, King of Italy, &c. engages to give no obstruction to the importation or exportation of merchandize into and from Austria, by way of the port of Fiume; this, nevertheless, not being construed to include English goods or manufactures." And by the 17th article of the same treaty, "His Majesty, the Emperor of Austria, desirous to cooperate in the restoration of a maritime peace, accedes to the prohibitory system with respect to England, adopted by France and Russia, during the present war."

that the position of Malta, was found to be very favourable for a commercial dépôt. From the contiguity of several little states, our merchandize found admittance from thence into the enemy's country; but the restrictive measures enforced by the French Government finally closed these channels against us, except for the introduction of such articles as they permitted to be imported by licence.

With a view to counteract the efforts made by the enemy to exclude us from all commercial relations with the Northern Powers, the British Government, in the commencement of 1808, adopted and extended the system of licences, permitting importations from the enemy's country. It can hardly be imagined, that they were actuated by any other motive than that of securing, by opening this channel of commerce, a reciprocity of interest, and that we should thereby be enabled to export, in return, British manufactures and colonial produce. In pursuing this course, however, they might, at the same time, have had in view the supporting of the revenue, and the importation of such articles of Baltic produce as are indispensably necessary for the public service.

The licence-system would, perhaps, have been free from objections, had it produced the advantages, which, it was hoped, would have resulted from it. But licences were almost indiscriminately granted to all parties applying for them, allowing the vessels to be documented in a way that might suit the purpose of the adventurer, either in proceeding to, or returning from, the port ; covering the property whether belonging to a British subject, or to any other person whatever ; and sailing under colours of any Power, except those of France.

It would appear, that Government was not aware of the misapplication, of which such licences were susceptible : for they might be employed for the purpose of making direct shipments from the port of one enemy to that of another. If searched on the passage by an English cruizer, the party had only to produce his British licence to ensure his protection, and to declare his *real* documents to be *simulated* for the purpose of securing his departure for a British port.

If, for example, a vessel, furnished with a British licence, should be actually laden, in a Russian port, for Amsterdam, for the account of the enemy, and should be met by an

English ship of war, the production of the British licence would answer the object of protecting that vessel from the consequences of detention or capture. For, in this case, though the documents be authentic, yet as simulated* foreign papers are allowed by her licence for the purpose of carrying on a direct trade to England, the *real* documents would be declared *simulated*, for the protection of the adventure; and should the master of the vessel have lost the opportunity of slipping into an enemy's port, in conformity to his real destination, the greatest inconvenience he could possibly sustain, would be that of bringing his cargo to an English market.†

* The words in the licence are "*notwithstanding all the the documents which accompany the ship and cargo may represent the same to be destined to any neutral or hostile port, and to whomsoever such property may appear to belong.*"

† Licences contained the following provision "If the cargo be destined for Ireland, the vessel shall sail north about; but if any part of the import cargo of the said vessel consist of naval stores, and be destined for any port of this kingdom lying to the south of the port of Hull, the vessel shall, *unless under the protection of convoy*, stop at Dundee or Leith, and and there obtain a fresh clearance for the port of her destination; and provided further, that the said vessel shall not sail from Dundee or Leith without convoy, and shall proceed with such convoy, and not desert the same, till her arrival at

By the abuse, too, of which the licence-system is susceptible, the enemy is enabled, to a certain extent, to carry on a trade, by means of neutrals, from one hostile port to another, for the prevention of which an order of council was issued on the 7th of January, 1807, and which order has since been made the subject of a remonstrance by the American Government.

It must, consequently, be evident, from this statement, that the enemy, whom it is our policy to prevent from obtaining supplies, can thus procure them upon better terms than ourselves, and without incurring either any risk, or any expence of naval protection. For the British licence protects the enemy's pro-

the port of destination, or as long as such convoy shall be instructed to protect her." Hence it would appear, that a vessel sailing from any port in Russia, was not obliged to put herself under the protection of convoy, before her arrival upon our own coast ; so that the master was more at liberty to avail himself of any favorable opportunity of reaching an enemy's port.

It is worthy of remark, that, in several cases, which have come before our courts, vessels, that have been stopped in such a direct course for an enemy's port, as to leave but little doubt of the intention of the party to enter it, have escaped condemnation by the master's prevaricating, and pleading ignorance of his actual situation.

perty from capture by British vessels, and the identity of neutral property protects it, if captured by the enemy's cruizers, from the condemnation to which vessels bound to this country would otherwise be exposed. The insurance, therefore, paid by the enemy to protect such property from risk on the voyage, is less than that which would be paid by ourselves.

The premium paid to the underwriter, upon any investment for importation, beyond that portion which is an equivalent for the sea-risk, is intended as an indemnity for capture. Though the individual may be thus insured against loss, yet this premium of insurance, being in the ratio of the risk of capture, establishes, upon general principles, the aggregate amount of loss so sustained, and which is, therefore, a charge seriously disadvantageous to the country. Is it not then a point deserving the most deliberate consideration, whether a branch of trade subjected to so heavy a burthen, ought to be continued to any large extent? The general rate of insurance from the Baltic was, last year, from 20 to 35 guineas per cent. with a return of 10 per cent. for the protection of convoy. The insurance for vessels outward bound to the Baltic, amounted from 25 to

50 guineas per cent. with the same return for naval protection. The former premium affords an estimate of the quantum of additional charge, principally arising from the risk of capture, upon importations from the Baltic; and the latter shews the extent of risk, under which the export trade to the North was conducted.

It must, however, be admitted, that, large as these premiums on the export trade appear to be, they have still proved to be inadequate to the risks of the under-writer. If, on the contrary, they had been adequate to the quantum of loss, such losses would not have been borne by this country, but by the foreign consumer, against whom the charges of insurance were made. Such heavy charges must, besides, have influenced and depressed the market price of our commodities, and consequently diminished the amount of advantage, which the country would otherwise have derived from this branch of trade.

In order to prove how injuriously British licences have been misapplied, it is only necessary to state the fact, that, in the course of the year 1810, not less than 37 vessels, provided with such licences, safely arrived from Archangel, in the ports of Holland, laden chiefly with naval stores.

These consequences might, in a great degree, have been avoided, if the British government had not adopted the plan of issuing licences indiscriminately. If they had issued them to domiciliated merchants alone, permitting the importation to be made specifically by the person taking out the licences for his own, or foreign account, and, at the same time, causing them to be so registered at the Custom-House, there would have been some security against their abuse and misapplication. By granting them to brokers, or any persons applying for them, having only indefinite and speculative objects in view, government necessarily retained no check upon such misapplication since they had no one to look to as the party immediately interested in the adventure.

A resident merchant, whether Foreign or British, would have had an interest in employing them for the particular purpose for which they were granted; and, besides, the credit and reputation of the party would have given an additional security against their misuse. A limitation of this nature would have confined the licence to its proper object, and preserved to government that control over the trade, which, it is presumed, was, at first, in

their contemplation. For if, under any circumstances, it had been found expedient to suspend the issuing of licences, the indiscriminate issue already made, would, for a certain time, necessarily defeat the object of this suspension, and serve as a bonus to speculative adventurers, to the extreme disadvantage of the regular merchant.

Again, this limitation would have confined the number of licences to the actual demand of the various branches of our import-trade. Without such restrictions, the number of licences already procured for speculative purposes, might be employed either to defeat the intentions of government, or to facilitate the commercial enterprises of the enemy. With this latter view, it is well known, that licences have been made an object of traffic in the foreign markets, and have, as already observed, been employed for this very object.

This is, in some measure, to be imputed to the general and indefinite form of the licence, which is made out in the name of the party applying for it, and authorises an importation to be effected in behalf of himself and *other merchants*; and as stated in page 29, the master of the vessel is to be permitted to proceed with his freight to any port not blockaded, though

his documents appear to be fictitious, and though the property may belong to any person whatsoever. No obligation is thus imposed on the party taking out the licence, to make use of it exclusively for the object, for which it was stated to be obtained; and, by its general form, it becomes virtually transferable, without attaching any responsibility to the party to whom it was granted, and whose credit, therefore, is not affected by its misappropriation, after he has disposed of it to another.*

If it were requisite to produce any further

* The more recent restrictions requiring the name, tonnage, and master of the vessel, to be inserted at the time the licence is taken out, make no very material change in the system, and only oblige the parties applying for licences to make earlier arrangements in order to procure them. The means and facilities of evasion remain nearly the same, with the exception of ships being required to rendezvous in Hano Bay for the purpose of placing themselves under convoy.

It is not proposed to grant licences for imports from ports to the west of the Oder, except to such vessels as shall have first taken thither cargoes from this country. But this restriction will hardly be attended with the benefit expected from it, as the commodities which would otherwise be exported from these ports, will find their way from other ports not under the same restriction, and the extra-expenditure occasioned by the conveyance will fall on the consumer.

evidence to prove how beneficial to the enemy is the continuance of our licence-system, the decree recently issued by the Danish government would supply it. While we are vainly deluding ourselves with the hope that this decree originates in the necessity of a relaxation of the Continental system in our favor, its real object is to protect and secure to the enemy that trade, which, without the aid of British licences, would be quite annihilated *.

It is very much to be regretted, that, while we have submitted to evils of this magnitude,

* As the decree contains but few provisions, it is inserted here at length—1. All Swedish vessels, detained on account of the bill of sale not being on board, shall be released without further process.

2. Every Swedish vessel, detained merely because her destination was an English port, but which is furnished with documents by the Swedish government, as well as Swedish vessels now returning from England, laden with salt, or which are returning in ballast, shall neither be detained nor condemned.

3. Swedish vessels, which sailed for England before the declaration of war was known at the Swedish port from whence the vessel was dispatched, cannot be detained, much less condemned.

4. A Swedish vessel cannot be condemned merely for having used an English licence.

5. Swedish vessels, suspected of having availed themselves

we have in a great measure failed in the main object, for which, it is presumed, the licence system was established ; for, after all, we have succeeded in effecting but a very partial introduction of British manufactures and colonial produce on the Continent ; and that only in the earlier stages of this arrangement ; while, on the other hand, the enemy has derived from it many important advantages, of which the peculiar nature of the system enabled him to avail himself.

The success that had attended the earlier investments induced, at the commencement of last year, a number of persons to embark in extensive speculations in the shipment of goods for the Baltic, especially to the ports of Russia and Prussia. Previous to this period, a very considerable number of vessels provided with simulated documents found admittance into the Russian ports ;—a few ships only excepted ; and that government manifestly connived at the export trade, which they could not but have known to

of English convoys, cannot be condemned without proofs the most incontestible.

This decree is without a date ; but it appears to have been issued about the 12th of February last.

have been destined principally for this country. This, indeed, is quite evident, since they required no confirmation by certificate of the discharge having been actually made at the ports, for which the vessels had ostensibly cleared out, nor imposed any penalty either of punishment or fine, in defect of proof of such vessels having been so discharged, or lost at sea, or diverted from their destination by capture. It is true, that some arrangement of this kind was projected shortly after the rupture between this country and Russia ; but it does not appear that such proof was in any instance demanded.

It was very naturally inferred, that, in common justice, they would have connived at the continued introduction of colonial produce and other goods, similarly documented. The magnitude of these investments, which presented to the grasp of avarice too tempting an object to be withstood, especially when their seizure was urged by the partizans of the French government, made them altogether lose sight of the dictates of a sound and liberal policy. After such flagrant proceedings, it was too much to expect, that the British government would permit the continuance of that branch of

commerce, which appears to be so essential to the prosperity, and, perhaps, even to the existence of the Russian Empire.

To prove that Russia feels herself the necessity of encouraging to the utmost extent the exportation of her produce, it is only necessary to point out the nice distinction that Cabinet found it expedient to make in their decision, after the sequestration of these ships, and their cargoes.—Though they discovered the documents to be false, and the cargoes to have been manifestly shipped from this country, which, by the laws of the Russian Empire, would have subjected both ship and cargo to confiscation, yet, as the vessels appeared by their documents to be neutral property, they affected to make a distinction in favor of their liberation, and *permitted them to take in fresh cargoes*, which they must indisputably have known would, for the most part, reach this country.

If a stronger illustration were required of the absolute necessity which is felt in Russia for the exportation of her produce, it might be supplied by a reference to the last imperial edict*, promulgated by the Ca-

* Manifest über den Einfuhr—und Aussuhr—handel des Russischen Reichs für das Jahr, 1811.

binet of St. Petersburg, for the regulation of the export and import trade of the empire; and which edict was to take effect from the 1st of January of the present year. The provisions contained in it were the result of a solemn deliberation of a council assembled for the purpose of investigating the causes of the existing depreciation in the circulating medium of the empire, and of determining on the best modes of counteracting the growing evil. An excessive importation was considered to be one of the principal causes of this depreciation *, and, in consequence, every manufacture of importance, except cotton twist, and every other article not of the first necessity, was prohibited to be imported. Those articles of which the importation was allowed, were permitted to be brought only from allied or neutral powers. On the other

* Such a circumstance would, without doubt, very much contribute to produce this effect, but to a much less extent than is there declared to be the case. The chief cause of this depreciation is an arbitrary and excessive issue of paper, without any value corresponding to that which it represents; especially as it is to her export trade, that Russia must exclusively look for the means of meeting the charges on her imports, and the demands for her foreign expenditure; but, however large that trade may be, it is still found to be inadequate to these objects.

hand, however, not only were all articles, which were formerly allowed to be exported, permitted to be exported with some reduction of duty, but those which were formerly prohibited, are now allowed, with the exception of horses, and the coin of the empire. The Russian government professes, at the same time, to confine both their export and import trade exclusively to their allies and neutral powers. With what rigor the former branch of their commerce is likely to be executed, may easily be conceived from their former connivance at an export trade to this country, and from the declared exigencies of that state, should our government be unwisely disposed to put to the test the sincerity of their declarations.

With respect to Prussia, it is to be observed, that the repeated admission into her ports of vessels with British and colonial produce, led to a sanguine hope of an uninterrupted continuance of similar commercial facilities, notwithstanding the decree of that Cabinet against the importation of colonial produce in any ships not belonging to, nor coming from America. To the enactment of this decree Prussia was urged, about the beginning of last year, by the compulsory and peremp-

tory demands of the French government, and she was further compelled to submit to the sacrifice of her transit trade, and subject all her importations to the immediate payment of the home-consumption duties. Although this measure was adopted, the early arrivals met pretty generally with a favorable reception in the Prussian ports.

This circumstance could not fail to encourage further and considerable exports to that country, and very large shipments took place, and proceeded by successive convoys intended for the Baltic, as far as the port of Gottenburgh, where, by a regulation of the Admiralty, these vessels rendezvoused, for the purpose of being afterwards provided with fresh protection for that sea. It is certainly to be regretted, that such an arrangement was ever adopted; for, if these vessels had proceeded, as they left England, with their convoys direct for the Baltic, it is probable that they would have arrived in the Prussian ports nearly in the succession in which they left this country, and that the merchants would have been less disappointed in their expectations. In this case, the fate of these commercial expeditions might have been determined by only a partial sequestra-

tion, and the calamitous consequences which have attended the arrival of the whole fleet, would thereby have been in a great measure obviated.

It is but an act of justice to the naval commander on that station to acknowledge, that to him no blame appears to be imputable for not dispatching the various fleets, which had assembled at Gottenburgh, at early periods of the season, as the weather and other circumstances might have permitted. Several attempts, indeed, were made, but without success, to take the fleets through the Belt. Before their final departure in October, the fleets at Gottenburgh accumulated to about 650 sail, and were further joined, before they had passed through the Belt, by a second fleet, amounting to about 150 ships, which left Gottenburgh on the 23rd of October, 1810. A considerable force, was sent for the protection of these vessels; but the passage of so large a fleet could hardly be expected to be effected, without incurring many losses by capture.—The sea risk also was much increased, at so late a period of the year, by so large an accumulation of shipping.

It is to be lamented, that Gottenburgh was

chosen as the port of rendezvous, as, from its locality, it is but little suited to such an object.—It would perhaps have been advisable to have pursued a very different course. A proper naval force, stationed in the Belt, would have answered the two-fold purpose of watching the enemy, and protecting our fleets, which might, with safety, have then been directed to proceed direct from England to their destination. Their detention on the passage would thus have been avoided, because the delays incident to going into port, and taking a fresh departure, as a fleet, would not have occurred.

The state of things in Prussia being daily less favourable to our interests, (a circumstance of general notoriety) and with the example before our eyes of the sequestrations in the Russian ports, it became a question of very doubtful policy, whether or not so numerous and valuable a fleet should, under such circumstances, have been permitted to proceed on its voyage; especially as, on many accounts, its safe arrival could hardly fail to be defeated by the vigilance of the French government. This can scarcely be called reasoning from the event; for the ultimate failure of these ex-

peditions might have been obviously anticipated, from a variety of circumstances affecting the condition of the Northern States, but particularly from the great ascendancy of French influence in all the commercial measures, to which these powers were forced to resort. As might, therefore, have been foreseen, the vessels, as they arrived in the ports of Prussia, and other minor Baltic states under the control, or rather under the command, of the French government, were immediately put under sequestration; and, in many cases, condemnation followed. In those yet undetermined, there exists but little chance of restitution. Indeed, were restitution made, the compulsory adoption of the Continental system, to its fullest extent, would make it, by the duties imposed by the French decree, in most instances scarcely less disadvantageous than actual condemnation.

It thus appears, that all our attempts to attain a reciprocity of commercial benefit, by encouraging, upon the foregoing system, a trade to the Baltic, have only added to the difficulties, to which this country has been exposed; and have involved us in embarrassments to a most injurious, and even

alarming extent. From the preceding statement, it is obvious, that, how expedient soever it might originally have been to try the effect of a system of trade with the Northern Powers, by means of licences, the result has shewn, that it has not only failed in the object it was intended to accomplish, but has been productive of much serious injury to our commercial interests. As an experiment, a trial of this kind was not perhaps, exposed, at first, to any very serious objections, notwithstanding the issue of it had been anticipated by persons of intelligence, who were aware of the line of policy which would be forced on the Northern Powers, by the new relations in which they stood to the government of France ; yet, when this new line of policy became more explicitly manifested, it is to be regretted, that the British government should have so long persevered in the licence-system, and should since, after much deliberation, have determined on its further continuance.

It cannot be doubted that such a system has been most injurious to the true interests of this country, and was in a peculiar degree calculated to promote the views of the Northern States. They have been enabled

by it to carry on their commercial operations with us, and have besides obtained through it the advantage of an extensive intercourse with each other, and with many of the dependencies of the common enemy, at the very time that they were engaged in very active hostility against this country. It has been shewn, too, that the risk of maintaining such an intercourse has been very trifling, since, as has been already stated, it only exposed the party, detained and suspected of it, to the inconvenience of proceeding with his cargo to a British port.

It has also been hinted, that this trade was of the utmost importance to at least the principal, if not the whole of the Northern States; and, as far as Russia was concerned in it, that it was perhaps necessary to her existence. At the same time that we were forwarding the views of these powers, we were, unfortunately for ourselves, pursuing a system, not only prejudicial to our own property, but latterly destitute of all reciprocity, and consequently justifiable only upon the ground of some exigency of paramount consideration.

Whether or not there existed a continuation of this necessity, requiring so hazard-

ous a departure from sound policy, (which ought surely never to lose sight of a reciprocity of commercial benefit,) is a point which demands further examination. The adoption of this line of policy might have been originally suggested by some of the following views:

The necessity for the importation of supplies from the Baltic.

The deriving of revenue from this traffic.

An expectation of reciprocity of commercial interest.

The policy of a system of lenity towards the Northern States.

With regard to the first point, it may be asserted, that, however important the trade from the Baltic may be as a branch of our general commerce, it is not to be doubted, that we could render ourselves independent of all the supplies we derive from it, with the exception, perhaps, of hemp, and occasional importations of corn.

Whether or not government was in a situation, at the commencement of the licence system, to dispense with further supplies of hemp, at least for any considerable period of time, is a point upon which they alone are accurately informed. If, however, they did not then feel themselves in a posture to

maintain this independence, they since have, unquestionably, had opportunities of obtaining such supplies, and might have thus obviated that necessity, which may have biassed their judgment upon the question. If, therefore, such opportunities have been unwisely neglected, it would be the more difficult to defend the policy of continuing the licence-trade, which, having been prosecuted without obtaining sufficient supplies, must have exposed us to the disadvantage of carrying on an injurious branch of commerce, without relieving us from that state of dependence on the Northern Powers, from which it was manifestly our policy to emancipate ourselves.

It was, at all events, desirable, that the licences should have been strictly confined to the exclusive importation of articles of the first necessity. Such a partial exportation might, at first, have been resisted by the Northern Powers, and might have created some difficulties in the prosecution of that commercial intercourse, which had been connived at with this country. The encouragement, however, which, under these circumstances, would have been given, at home, to such importations, would certainly have

procured large supplies of these commodities, unless, indeed, the Northern States, should have attempted to prevent them, by absolutely interdicting all exportation whatever of Baltic produce. It is hardly reasonable to imagine, that they would have resorted to such a measure. Russia, especially, could scarcely have ventured on this step;—for she has since declared it expedient to give every sort of encouragement to her export-trade.

It is not improbable, that the price of these articles would have been materially enhanced by the above mentioned restriction. Great, however, as would have been the disadvantage arising from this circumstance, it would nevertheless have been a less evil than that of permitting a general importation of commodities, which do not come within the range of articles of the first necessity. Indeed, there is one material advantage which would arise out of this enhancement of price, in the article of hemp. It would hold out so great a degree of encouragement for its growth in our own possessions, and the importation of it from these and other parts, that the country would soon be in possession of a supply of it sufficient to meet all its demands; especially, as it is impossible not to give the government credit for a stock on hand

large enough to meet all public exigencies, until the period should arrive, when such fresh supplies would be received. The plan would thus be effectually prepared for rendering this country independent of Russia, for all supplies of hemp; and it would, at the same time, very materially affect the prosperity of that empire, by striking at the root of her staple commodity, unless seeing her error, she should be induced to found her commercial intercourse with this country on the basis of mutual advantage.

It is a circumstance to be regretted, that our attention has not been earlier directed to this object, as the amicable intercourse between Great Britain and Russia had experienced several short interruptions, all of which ought naturally to have had the effect of impressing on us the necessity of endeavouring to render ourselves independent of all importations from the Russian Empire. The more recent misunderstanding with that power, during the short and capricious reign of the late emperor, Paul, was particularly calculated to force this object upon our consideration; both from the critical state of our affairs at that time, and the comparatively formidable extent of the enemy's maritime

force. Though the two countries were restored to a state of amity on the accession of Alexander, yet, the character of the various discussions which afterwards arose between the cabinets of St. James's and St. Petersburg, only presented an additional motive for endeavouring to render ourselves independent of Russia, especially as our influence in that quarter had long been manifestly declining.

In illustration of the efficacy or practicability of a restricted plan of importation, reference need only be made to the example of the French Government. The actual trade between this country and France is precisely under the limitation of this principle. They restrict their importations from hence to but few commodities, but we have not, for this reason, thought proper to object to such exportations, merely because they are under such a limitation, nor because they may appear to be articles, with which it is absolutely necessary for them to be supplied. Such exportations are, in the end, beneficial to us, and, in permitting them, we are more determined by the advantage which we ourselves derive from them, than influenced by any consideration of the benefit, which may thus accrue to the enemy.

At the commencement of the extended licence-system in the year 1808, it was very doubtful how far a trade with the powers in the Baltic would succeed under such permissions. This apprehension so far confined the investments of merchants trading in that direction, as to render the importations for that year but very limited. The natural consequence of this was, that all Baltic produce rose to an excessively high price. This produced, as might be expected, a speculative mania for commercial enterprizes from the north; and, in 1809, an excessive importation ensued; the result of which was extremely injurious to the parties embarked in it.

The losses experienced in the course of that year, did not, in the year following, deter others from embarking in the same trade, and that to a very large amount; and, though under more favourable circumstances, the result has been productive of little good, and, in many instances, it has only tended to increase the difficulties with which the former speculators were embarrassed.

By these excessive importations, the British Government may have been misled, both as to the effective demand for these commo-

dities, and as to the apparently flourishing aspect, which they gave to that branch of our general commerce; while, in fact, we have been, and are at this time, overwhelmed with most articles of Baltic produce, to the great detriment of those branches of our commerce, which come into more immediate collision with this trade, and in which the industry and capital of British subjects are more directly employed.

A further importation of Baltic produce, too, would only increase the embarrassments of the present holders of it. It might, indeed, be urged, that, under the actual circumstances of that trade, no one would be hardy enough to embark in fresh speculations; but, as these Northern productions are consumed chiefly in this country, the foreign holder may be induced to dispose of them at a reduced price, or may at once adventure them to this market, on his own account. By such importations, the existing pressure would only be increased, to the greater injury of the former unsuccessful adventurers; for the general consumption of Baltic articles has been materially lessened by the failure of our export-trade and the consequent languor of our manufactures.

Though it may be urged, that corn is an article of the first necessity, and that for its importation a licence-trade to the Baltic ought to be encouraged, yet it would, perhaps, be difficult to give validity to such an argument. The cost of the corn itself, the charges of freight, and the price of insurance, have so much increased its value, that, under the present or similar circumstances, but little can be expected from that quarter. Any regulations, therefore, founded upon the licence-system, for the importation of corn from the Baltic, are not now likely to be efficacious; and, consequently, the expectation of procuring supplies of it from thence, affords no additional motive for persevering in that system. Should importations of corn, however, be necessarily required, specific licences might be granted expressly for this purpose; and if the English market afforded a prospect of sufficient advantage, it might doubtless be procured in this way as effectually as by any other arrangement.

There is no doubt, too, that an abundant importation of tallow, hides, horse-hair, &c. may be effected from the Spanish and Portuguese settlements. Barilla and flax-seed may be obtained from Sicily; timber and ashes

from our own possessions in America, with the further advantage of procuring timber from the United States, and the Spanish ports on the southern coast. Flax-seed may also be had from the United States, and may be, and indeed is, produced in considerable quantities at home. With due encouragement for the further growth of flax, it might be cultivated to an adequate extent for the supply of all demands for the linen manufacture in general. It is of importance to observe, that, by this mode of procuring supplies of these commodities, we encourage domestic industry, as well as that of our foreign possessions; we promote our shipping interest, and, in no instance, lose sight of a reciprocity of commercial intercourse.

With regard to America, however, the enforcement of their newly adopted non-importation act may unfortunately suspend all commerce with that country. Such a measure should naturally impose on us, in the event of its revival, a determination to admit of its being conducted only on the basis of mutual advantage.

From what has been advanced it may safely be affirmed, that there exists no direct and absolute necessity for the importation of Baltic produce, not even of hemp itself, sufficient

supplies of which might unquestionably be obtained, if proper encouragement were given, for this purpose, to its growth at home, and for its cultivation and importation from our foreign possessions, and from States in amity with this country.

As to the deriving of revenue from Baltic importations, it may be fairly admitted, that the amount of the duties arising from them has certainly been considerable. With reference, however, to the magnitude and extent of this branch of our commerce, the revenue which it has produced, forms but a small per centage on the whole amount, as many of these articles are subject only to very moderate duties, and others, upon which larger duties are imposed, are in great part consumed by the government itself. It is to hemp and timber that allusion is here principally made.

Disadvantageous then as the Baltic trade in general appears to have been for a considerable time past, it naturally becomes a question of policy, as well as economy, whether so large a portion of our naval force would have been necessary in the North Sea and the Baltic, unless required for the protection of this trade; and also, what part of this expendi-

ture might have been saved, if this unprofitable commerce had not been prosecuted ; and the force employed for its protection directed to other and more useful objects ? If any saving could thus have been made, is it not fair to consider that part of the expenditure, which might have been so avoided, as a charge against the revenue collected from such importations ?

Leaving this question unconsidered, the answer to which, however, is sufficiently obvious, it will be easy to shew, that the revenue derived from this source, is as fallacious, as the trade itself has been pernicious in its effects on the country at large.

It may be expedient, in treating of this subject, to touch on the general principles, upon which reciprocity in commerce is properly founded.

Unless a country, for instance, can furnish, in return for its importations, an equivalent in her own productions, or in what she may have procured from other countries in return for her own, she is necessarily obliged to resort to the exportation of bullion, or of her current coin, to supply this deficiency. If the produce of our industry could at any time provide us with a supply of bullion equal to

the demand for any specific trade, the exportation of bullion for this purpose would be in itself a circumstance of no importance. Even the temporary absence of the bullion would, under circumstances of ordinary commercial prosperity, be no evil whatever, as it would probably soon be restored by the fluctuations of commerce. But the actual situation of the country, as to its commercial affairs, is by no means an ordinary situation; and, therefore, it would be most unreasonable to expect, that the bullion exported for this purpose could be returned by any such commercial reaction.

The enemy, it is well known, has long imported from this country but few commodities, and those only of the first necessity; and seems determined to limit, for the future, his importations to such supplies only. We, on the contrary, have admitted, particularly from the Baltic, almost every thing, without the limitation of this salutary restriction. The enemy is perfectly aware that this state of commerce must undermine the prosperity of this country, and will, therefore, no doubt persist in the system, upon which he has long been acting, from a conviction that it must sooner or later press on some vital

point. For he well knows, that the effects of such a system of commerce will enhance the price of bullion; and, consequently, the coin of the country must disappear, the paper currency become relatively more depreciated, and the course of the foreign exchanges daily more unfavorable.

That such effects have already been very sensibly felt, it is impossible to deny, and to an extent that has produced a considerable degree of public alarm.

The price of bullion, as connected with the issues of the Bank, has been made a subject of public enquiry, and since the investigation was instituted and completed, a further and very material advance of its price has taken place.

In 1807, the exchange on Hamburgh was about par; consequently, a pound sterling would purchase a bill on Hamburgh for 13 marks banco. This state of the exchange continued during the greater part of 1808, without any material fluctuation, but experienced a progressive decline, towards the close of that year, to nearly 12 per cent. It remained almost stationary till May, 1809; from this period it suffered a further decline, which at the close of that year amounted to 10 per cent.;

but, in June of the following year, it experienced an advance which restored it to the state in which it stood in the month of May, 1809. Before the close of 1810, it fell again somewhat more than 10 per cent, and since then it has fallen, during the first two months of the present year, very nearly 18 per cent. A pound sterling will consequently now purchase, at the current exchange, only 8 marks, 10 stivers, banco; being 4 marks, 6 stivers less than could have been procured for a pound sterling in 1807, and therefore amounting to one third less than could have been obtained for it at that time.

Although it may be admitted, that the demands of government for our foreign expenditure may have been one cause of the advance in the price of bullion, and instrumental to the depreciation in the foreign exchanges, yet it cannot be denied, that the unnatural state of our commerce, though not the sole, is the primary cause of this depreciation, and has very materially contributed to enhance the price of bullion itself. That this effect was not immediately occasioned, to any alarming extent, as has been the case since the commencement of the present year, may be attributed to the following

causes. It has been already shewn, that some trade found admittance into the Baltic ports;—that Heligoland afforded facilities for the introduction of goods upon the Continent; that some partial trade existed in the Adriatic; that Malta opened also some channels of commerce; and that Holland, at different times, permitted importations of merchandize. The reduced prices of colonial produce held out an inducement to the investment of foreign capital in this country, and that to some extent; and the next, and not an immaterial circumstance, is the amount of the floating demands and property of British merchants on the Continent, at the time that the licence-system commenced. It may also be added, that, at that period, too, this country was not altogether drained of foreign coin and bullion. These various resources counteracted in some degree the effects which would otherwise have resulted from that unnatural state of commerce, to which allusion has so repeatedly been made.

But as they now no longer exist, and as there is no prospect of a change, by which the disadvantageous effects of an extensive import trade could be obviated, the lamentable consequences of a perseverance in such a

system are but too clear, as to the further impression they would make on the price of bullion, the rate of exchange, and the relative depreciation of our paper currency.

While circumstances of this nature affect the commerce and circulating medium of the country, no laws, however rigorously enforced, can be expected to prevent the disappearance of our coin. If a guinea will produce abroad as much as could be purchased by taking a bill, at the current exchange, for 30 shillings, it is quite impossible to retain the gold coin in the country, while there exists so powerful a temptation to export it. The price of bullion must necessarily, from the same cause, experience a similar enhancement in value.

To these points, it would seem, that the Bullion Committee, did not attach so much importance, as they appear to claim from their intimate relation to the subject of their investigation. Were it possible, under the actual state of the country, for the Bank to resume its payments in specie, it would, no doubt, for a time produce a beneficial effect on our foreign exchanges. But this effect would merely be the result of the illicit exportation of our specie, and would soon

cease after all the specie thus put into circulation was exhausted by this clandestine exportation. Nor can it be expected, that the rate of the foreign exchanges would advance so as to prevent the conveyance of the coin out of the country, until the real amount of our exportations should provide an equivalent to meet the charges of our importations, and the demands of government for foreign service.

The situation of affairs at home, too, would then become infinitely more embarrassing by the absolute necessity, under which the Bank would find itself to discontinue its issues, and to require, at the same time, the repayment of its demands on government. This would, of course, go to the extinction of the notes, which they had issued to the latter. With regard to the accommodation afforded to the merchants, the repayment of the Bank issues would be effected when the securities, upon which the accommodation was granted, became due. But it never could be in the contemplation of the Bank to hazard any issues, for which they might be liable to be called upon to pay in specie, unless it would return to them in the ordinary course of their transactions. This extraordinary check would be severely

and generally felt, as the reduction of this circulating medium would be confined not merely to the Bank, but would affect the general circulation of individuals, who would no longer hazard an issue of paper, for which they had not the means of providing payment in coin. Thus the country would be placed in the situation of not having a circulating medium adequate to its wants.

As intimately connected with this subject a few further observations may not be misplaced, to shew the improbability, even in the event of a beneficial change in our commercial affairs, of any speedy remedy being provided by this change, for the injury which has already been sustained. At a time when we have benefited the enemy by importations from the continent, for which, in the case of many articles, prices unprecedentedly high have been paid, and without, as has been already shewn, much reciprocity of commercial interest, (which latter circumstance has necessarily occasioned an advance in the price of bullion, and a depression in our foreign exchanges) our own merchandise has been materially declining in value. In most cases this reduction in price has scarcely been less than one third; and, with respect to colonial produce,

it has been still greater, excepting in the article of *British plantation-sugars*. This is to be attributed to the regulation, which Parliament very judiciously adopted, of permitting it to be employed in distillation, and restricting the use of corn for that purpose*. It must be here remarked that, notwithstanding the objections made to the measure by the landed interest of this country, it is nevertheless founded on the soundest policy, under the existing state of our foreign commercial relations. It answers the very important and two-fold purpose of rendering the nation less dependent on other countries for an importation of grain, and, at the same time, relieves us from a more burthensome accumulation of that article at home. By thus providing a source of relief to the West India planter, we are not losing sight of the policy of giving due encouragement to our own manufactures; for, while domestic industry is thus promoted,

* A more recent regulation has been adopted, by which the distillation of corn and sugar are both allowed; subject, however, to a certain limitation of price. This modification was introduced, to satisfy those who complained of an advantage, which the mercantile part of the community derived from the distillation of sugar, at the expence, and to the injury of the landed interest.

the former is the better enabled to pay for the supplies wanted in our colonial possessions.

The actual state of the continent, with respect to the consumption of foreign produce, is that of compulsory forbearance. May not this ultimately occasion a disuse of many articles of consumption, with which they used to be supplied from this country, and at the same time lead to the substitution of others in the place of such supplies? In proportion to the extent of this forbearance is the amount of accumulation of produce in this country; which is the true cause of its diminution in value. Is it then reasonable to expect, that, with such an extraordinary accumulation in quantity, any new order of commercial relations, however favourable, could re-establish the former value of these commodities, to an extent that would have the effect of providing a counterpoise to the mischief which has already been done, especially as the amount of our export trade, before this great reduction of price, does not appear to have been more than equivalent to the demands arising from our import trade, and the wants of government for subsidies, and for the various other objects of foreign ex-

penditure. It is hardly possible to conceive that any demand should arise, by which this enormous accumulation of stock would be materially reduced, unless the ports of the continent were generally re-opened to us, and an extraordinary consumption encouraged by a continuance of the present extreme reduction of price.

From what has been advanced, it is manifest, that this injurious state of trade has in a great degree contributed to produce the the present high price of bullion, the depression of the foreign exchanges, and the disappearance of our coin. In a proportionate degree, therefore, it could not fail, to multiply the embarrassments of government, and to increase very largely the amount of their foreign expenditure, especially for that part of it required for the maintenance of the British force employed on foreign service.

Without pretending to state the rate of exchange, at which the commissariat department at Malta may have issued bills, it is matter of notoriety, that the contractors and holders of such bills were negotiating them at the rate of 72d for 30 scudis, being at the rate of 74d per Spanish dollar, the latter

being in circulation at 31 scudis. This was the course of exchange in December, 1810. and it was then expected to become more unfavorable; whereas, in the same month of the preceding year, the exchange at Malta was at the rate of only 56d, and had, at no antecedent period, exceeded 61d. The supplies, however, sent thither by government, appear, for some years preceding, to have kept the course of exchange within reasonable bounds; but, though these supplies in 1810 were so considerable as to reduce the exchange in the month of March to $54\frac{1}{2}$ d, yet in less than two months from that period it advanced to 65.

This statement, clearly proves the insufficiency of our means of procuring supplies of bullion for the foreign demands upon government. Notwithstanding the difficulties which oppose the execution of such an attempt, it appears manifest that the purchase of bullion, as far as it is practicable, to meet such demands, would still be in the end a more economical mode of expenditure, though it should produce a further and material advance in the price of bullion, so long as that price, together with the expence of conveyance, continued less than the rate of exchange, at which government bills are issued for the

same object. If we have to encounter such disadvantages in pecuniary transactions with our own foreign possessions, it cannot be expected, that, in similar transactions with other countries, we should be less exposed to the same inconvenience.

If then, in the system pursued by government for the regulation and extension of our trade with the Northern Powers, a continuation of revenue derivable from this trade, was the principal object of their policy, it must appear, from the preceding statements, that the increase in our foreign expenditure occasioned by the increased depression of the foreign exchanges, and the enhanced price of bullion, (and which latter circumstances have been in part caused by the very nature of our commerce with the Northern States) has very far exceeded the amount of revenue, which has been collected from our commerce with those countries. However alarming to this commercial nation a defalcation in any branch of the revenue may be, it would still be more consonant to sound policy to provide against this defalcation by any legitimate means, rather than expose ourselves to the risk of prosecuting a system of which it is impossible to foresee the consequences; by which we incur an

expenditure of more magnitude, than the amount of this defalcation ; and for which expenditure provision must in the end be made.

With regard to a reciprocity of commercial interest, so much has been said incidentally, in the course of the preceding pages, that it will not be necessary to introduce in this place more than a few words in addition to what has been advanced. It has already been shewn, that but little has existed in our trade with the Northern Powers; and that, instead of affording any considerable advantages to the parties embarked in it, it has been productive of material loss to them and to the country. Such a result might have been anticipated, without the aid of any extraordinary sagacity or foresight; for the hostile proceedings of the enemy were chiefly directed to the object of entirely excluding British commerce from the continent, though, in order to effect this, it was necessary that he should expose himself to the consequences arising from an attempt to put an end to all foreign commerce altogether. But though his measures for this purpose have been extremely severe, and his imposts very oppressive; yet, the temptation to engage in this

illicit trade was so great, from the immense profits that attended it, that an exportation of goods to the continent was still not impracticable. This led to the enactment of fresh and more violent measures; new duties amounting to between 40 and 50 per cent were levied on all colonial produce, already in the dominions immediately subjected to his power; and finally, decrees were passed for the confiscation and burning of British manufactures. The effects of these extreme measures, though dictated by blind folly and senseless passion, could not fail to be felt by the parties engaged in such exportations.

Though very large exports of colonial produce were made in 1809, they furnish no just criterion, by which an estimate can be made of that proportion of their amount, which may properly be considered as an available balance in our favour, in order to meet the charges arising from our import trade. It would not even be difficult to prove, that a very considerable part of these exports never reached the continent, but formed an accumulation in Heligoland and Sweden, and were still lying there in 1810.

A large proportion of these exports were

made to ports on a line of coast not within the Baltic, and would have been effected independently of any commercial transactions with the Northern States. Any balance therefore arising to us from this branch of our trade, would have supplied a provision towards our wants in general; and, so far, would have checked the depression in the foreign exchange, and the consequent advance in the price of bullion. This would have been a seasonable resource to the country, had it not been counteracted by excessive importations from the Baltic, which were made under the sanction of the licences issued for that purpose by Government.

It is of great importance to observe, that another effect of the licence-system has been the employment, and consequent encouragement we have given by it to foreign shipping, and the formation of foreign sailors: for the licences permit the navigation of all descriptions of vessels, not French. Have we not therefore in a great measure lost sight of the advantages which the enemy must thus ultimately derive, and of the injury which we may ultimately sustain, from such a system? May not the future interests and safety of the country be hazarded by

the encouragement thus given to an increase of foreign shipping, and to this nursery for foreign mariners? This is perhaps a greater evil than we incur by the general importation and consumption of their goods, though, in this alone, we promote, but too effectually, the interests of the enemy at our own expence.

Besides, we add very considerably to our financial difficulties, by the payment of the balance of the freights to be remitted to the foreign ship owner, which have been most exorbitant, and in 1809 amounted, with respect to the article of hemp, to nearly the first cost of the cargo itself. We have thus given activity to foreign shipping which would have otherwise been unemployed, and have consequently so far furnished the enemy with a market for all productions requisite for their equipment, and have, at the same time, protected, to a certain degree, their intercourse with each other.

Very flattering hopes might, at first, have been entertained, that the encouragement given to importations on so large a scale, would have afforded us many facilities for the exportation of our commodities; especially as the whole system of a licence-trade was founded on the temporary suspension of the existing laws.

But in doing this, it would have been advisable to have established it on the basis of mutual advantage, and on no other. Necessity in that case might have compelled the enemy to the admission of so fair a principle; for it could never be expected from a sense of equity;—particularly as Russia, goaded by the French Government, was incapable of acting as an independent state, and indeed discovered, by our own conduct, that it was unnecessary to purchase from us the benefit of her export trade, by the concession of an advantage in itself so perfectly just and reasonable.

That the particular views of the British government have been influenced and supported by a certain description of persons more immediately embarked in the Baltic trade, is an opinion which may be advanced on stronger grounds than those of mere probability. It is perhaps to be desired, that less confidence had been reposed in the representation of individuals, whose interest and speculative plans could hardly fail to bias their statements. A foreign merchant engaged in a project for the introduction of goods on the continent, might be confident in the successful accomplishment of his enterprize by the aid of bribery, and so long as insurances can be

effected to cover all risks, the chance of very great profits holds out to him a very strong temptation to engage in such adventures. Should his success be complete, the advantages attending it, cannot fail to be very considerable. In the event of its failure, the disadvantage he incurs is merely the amount of the loss of what he would otherwise have gained. Indeed, the representations of the parties concerned for foreign ship-owners in general required to be received with a salutary degree of caution.

. It is a singular circumstance, that since the adoption of the licence-system, the Baltic trade has been partly thrown into the hands of a class of merchants, different from those who were formerly engaged in it. Many mercantile houses of consequence are certainly embarked in it, but less on their own account, than to facilitate, by the advance of assistance, the operations of others provided with a less amount of capital. Those merchants, however, who were more fully acquainted with the nature of this trade, and particularly with Russia, shrunk from the difficulties which, under the licence-system, would naturally perplex and embarrass its operations. They shrunk from them, finding that they

could not engage in it, without hazarding a loss of that dignified and independent character, which they had been accustomed to maintain. They were, therefore, naturally unwilling to engage in a branch of commerce, lucrative as it might eventually prove, that required that every part of the business should be masked; that fictitious forms should be adopted; that places of residence should be assumed; that papers of every description should be fabricated; that the signatures of existing authorities should be counterfeited; and, to crown the whole, that the transaction should be completed by an act of bribery! Measures so derogatory to the character of an English merchant could only excite an invincible reluctance against their employment, however great the authority by which it was attempted to sanction their adoption.

The policy of pursuing a system of lenity towards the Northern Powers, would admit of much speculation; but it may here be necessary to introduce on this point, only a few words. It is evident, that the policy or impolicy of softening our measures of hostility against them, must depend entirely upon those circumstances, which might actually indicate on their part a disposition of returning amity.

towards this country, or upon the probable occurrence of political events, which might render it expedient for them to change their political system altogether.

The sentiments of the government in Prussia and Sweden are, perhaps, the least hostile to this country; in Russia and Denmark the case may be different; but yet the conduct of their respective cabinets may be much influenced by the events of the times; and if a change of system should promise them any political advantage, the return to an amicable understanding with England would, probably, not be a task of any great difficulty.

All things considered, it might not be unwise to continue to act with lenity towards Denmark, Sweden, and Prussia. To the first we owe it, in some measure, as a partial atonement for the injury, though perhaps necessarily inflicted, which she sustained at our hands. To Sweden and Prussia, the same course of mitigated hostility may be proper to be pursued, from regard to the relations of friendship which so long subsisted between these states and ourselves, and which could no longer be preserved, when their independence was sacrificed to the misfortunes of the times.

With regard to Russia, however violent the sentiment of hostility may be, which she may entertain against this country, there can be no doubt, that, whenever she may find it expedient to adopt a different line of conduct, all her hostility will readily subside into complete subservience to the new tone of policy she may find it expedient to pursue. Whenever, therefore, her political views require it, we may rely with unerring certainty on the disposition she will then manifest to accommodate all existing differences with Great Britain.

Before such change may, however, take place in her political system, her commercial code, if we should observe towards her the same lenity which might, with propriety, characterise our conduct towards the other Northern Powers, may be modified and enforced, in such a way, as to secure to herself every benefit, and expose this country to every convenience.

It was conceived by many very intelligent persons, intimately acquainted with the political views and commercial interests of the Russian empire, that a line of conduct diametrically opposite to that which we have pursued, would certainly have produced in Russia

an impression more favorable to our policy. For an opinion has prevailed there, that our very existence depended on the maintenance of a commercial intercourse with that empire, and that our exigencies are such as would make it indispensably requisite for us to submit to the disadvantages of trading with Russia, on such terms only as she might think proper to connive at; the mild system we have adopted seems indeed to have countenanced such an opinion.

Were it requisite, it might be shewn that a line of conduct, distinguished by a proper degree of firmness and vigor, was recommended to the British government by persons, on whose judgment every reliance might have been placed; and who, from the circumstances under which they had been employed the talents by which they were distinguished, and were assuredly competent to give sound opinions on this subject: for they were intimately acquainted with the Russian character, and the views of their cabinet, and it has been clearly demonstrated by the subsequent conduct of that government, that their opinions were not erroneous.

Having, in the preceding pages, asserted, that the present very unfavorable state of the foreign exchanges, and the consequent advance of the price of bullion, originate from the actual situation of our commercial affairs, and from the demands of the British government for our foreign expenditure, it may be necessary to advert more particularly to this subject, especially as it appears from the report made by Mr. Irwing, the Inspector General of the Customs, to the Select Committee appointed to enquire into the high price of gold bullion, that the general balance of trade in favor of Great Britain had, in the five years, from 1805 to 1809, inclusive, exceeded, in *real* value, the sum of 50,000,000*l*.*; and the balance of trade to the continent, for the same period, amounted to the sum of only 8,800,000*l*., as estimated upon the same principle of valuation. But the *official* value of exports to, and imports from the continent, for the same period, appears to leave a balance in favor of this country, of 36,400,000*l*.†;

* Appendix to the report of the Bullion Committee, No. 73.

† Appendix, Nos. 75 and 76. The difference in the *real* and *official* value is so considerable, that, besides the above

it is upon the latter, that the Select Committee have grounded some of their arguments*, although the scale†, upon which this official value is computed, was formed so far back as the year 1696, when the office of Inspector General of Exports and Imports was established, and since that time it has undergone no alteration.

It appears from the evidence of Mr. Irwing,

reference to the appendix, it may be necessary to shew, in this place, in what manner this estimate is formed.

The *official* value of the *exports* from Great Britain to the continent, for the years 1805 to 1809, inclusive, is stated to be - £ 76,374,511

The *official* value of the *imports*, for the same period, amounts to - - 39,941,943

The balance of continental trade in our favor, is, in *official* value, for this period - 36,432,568

The *real* value of *exports* to the continent for the same period is stated to amount to 94,577,157

The *real* value of *imports* from the continent for this period, is estimated at - 85,769,741

The balance of the continental trade in favor of this country, for 5 years, appears, therefore, to amount, in *real* value, only to the sum of - - - 8,807,416

* Bullion Report, p. 13.

† Appendix, p. 138.

that the difference in the real and official value of exports in British manufactures, is to be estimated at 45 to 50 per cent, but that on foreign goods imported into the country, it should be estimated at a much higher sum. With respect to West India articles, the difference between their real and official value is not computed at more than 15 or 20 per cent. This explanation will in some measure account for the great difference stated to exist in the real and official value of our exports to, and imports from the continent, for the five years, from 1805 to 1809, inclusive. Nor can the Inspector General be widely wrong in the principle on which their real value is ascertained; for, as our exports to the continent consist principally either of colonial produce, or British manufactures, and as to the official value of the former only 20 per cent is added, and to the latter 50 per cent, such an advance is very inadequate to that which must be added to the official value of continental imports, for which he could offer no criterion, but which in the official statement of the real value appears to be more than doubled*.

* In answer to the question, "Do you consider the undervaluation of imported articles to be much more than 50

Supposing, then, that these estimates are tolerably correct, and that the real balance of continental trade in our favor amounts only to the sum of 8,800,000*l.*, for the space of five years, it must be strikingly apparent, that this balance, so computed, is too inconsiderable to demonstrate the prosperity of our commerce in that quarter, and forms but a small available amount to meet the demands of government.

It has been stated, in evidence before the Committee, and by the most respectable and intelligent persons, that the foreign exchanges are affected by the balance of payments rather than by the balance of trade; and it has been further advanced, as a cause of the depression of the exchanges, that for the imports immediate payment has been made, while the exports have been effected on credit. To this circumstance more credit appears to have been given than it deserved; because, on former occasions, the commerce of the country has been conducted on the

per cent, taking West Indian articles into the estimate?" Mr. Irwing replied. "I do; the undervaluation would be still greater, if it were not for those articles on which the official value approaches nearer to the real value." Appendix, p. 137.

same principles, and consequently the balances due for former years have come in aid to defray the cost of importations for the current year. It may be supposed that, of late, exports have been made more generally on credit than formerly; but the very uncertain state of things on the continent would seem to make it necessary to contract the system of credit, in order that commercial transactions may be rendered less precarious by completing them within a shorter period, and exposing them less to the fluctuating regulations of the day.

Though, under the ordinary circumstances of the market, the price of imported goods completely covers the cost and charges, yet, in the year 1809, the importations from the Baltic subjected the importer to a very heavy loss, and consequently the amount paid for those importations exceeds their estimated value. Further, it is well known, that a large proportion of Baltic shipments purchased in 1809, was detained, through the winter, in the Baltic, and, though paid for, could not be included in the custom-house estimates for that year. These circumstances, therefore, still further diminish the amount of the balance of 8,800,000*l.*, which has been

quoted from the appendix to the Bullion Report.

In forming an estimate of the prosperity of our commerce, a distinction is to be made between the gross amount of our exports, and the actual value which has been derived from them. It has been already shewn, in the former part of this work, that, in the year 1809, in which our export trade was carried on to a considerable extent, a very material part of it never reached its ultimate destination ; but was either captured, or confiscated, or conveyed to some place where it was deposited in order to be exported afresh, as opportunities might offer.—This would, of course, affect still further the amount of the actual balance in our favor. In the following year, indeed, the losses we sustained from these causes, would form a much more prominent feature in our commercial estimates.

It has been before stated, as represented in the appendix to the Bullion Report, that the general balance of trade in our favor, had amounted, in the course of five years, to the sum of 50,000,000*l*. Were this strictly correct, so large a balance must have counteracted, in a great degree, the injurious effects

which have resulted, for some time past, from the very disadvantageous nature of our trade with the continent; unless, indeed, the various demands for our foreign expenditure have, within the same period, exceeded the amount of this favorable balance. As the larger proportion of this balance appears to have arisen from our commercial transactions with the American continent, it might be imagined, that we should have drawn from thence supplies of the precious metals sufficiently extensive to meet all these demands. The actual state of things, however, proves the contrary. But though our exportations, to South America especially, have been made on the largest scale, yet, having been undertaken without a due consideration of the probable extent of the demand which might then exist for British merchandise, the result has been not only most injurious to the parties thus rashly engaged in these speculations, but in many instances, a loss has been sustained of the whole adventure.

If a state of trade had existed so prosperous as to produce such a balance in our favor, as is given in Mr. Irwing's estimate, it would be quite impossible to conceive how such a disastrous condition of our affairs

should have arisen, as to render it necessary for government to appropriate the sum of £6,000,000, to the relief of our merchants. Assistance to this extent is, however, proposed to be granted them, and the ground upon which the application of the merchants for such aid was supported, was the alarming extent of their distress and embarrassments arising from the failure of returns from South America, the want of a market for their superabundant stock of British manufactures, and colonial produce, and, in general, an excessive accumulation of all articles of importation.

Is it not, then, fair to conclude, from what has been stated, that the great depression in the foreign exchanges has been primarily and principally occasioned by commercial causes, in conjunction with the natural consequences of the various demands for all our foreign expenditure?

It appears from a statement in the appendix to the Bullion report, No. 49, in which a comparison of the state of exchange on Hamburg is drawn, with reference to the amount of Bank notes in circulation, that, on the 27th of February, 1797, the day on which the bank was restricted from paying in spe-

cie, the exchange on Hamburgh was 35 schillings, and 6 grotes per pound sterling;— that, there was at that time $8\frac{1}{2}$ millions of Bank paper in circulation; that the exchange gradually rose in 1797—8 to 38, when 13 millions of bank paper were circulated; and that in March, 1799, the rate of exchange was 37.7, at which time, the amount of Bank notes was $13\frac{1}{2}$ millions.

It is not, however, stated, in this article in the appendix, in what a gradual manner the decline took place in 1799; but the fall is thus described; “after this period, great commercial distress, large importations of corn, heavy subsidies, and the Hambro' exchange continued falling, and on January 2, 1801, was as low as 29.8.”

Between the end of 1799 and the end of 1802 the exchange is stated to have fluctuated from 33.3 to 29.8, and the circulation had, in that period, been increased to $16\frac{1}{2}$ millions. From January, 1803 to 1807, the exchange fluctuated from 32.10 to 35.10, the issue of Bank paper having been increased to 18 millions. From January 1808 to the Christmas of 1809, it fell from 34.9 to 28.6, the paper circulation continuing the same.

This scale is less perfect than it might have been, as to the rate of exchange, which should, in strictness, have been given for some of the intermediate periods—This deficiency is supplied in the following table, in which the exchange on Hamburgh is taken from Lloyd's Lists. This table shews the average rate of exchange for a period of fourteen years, for each year, and for each month of every year. Averages are also added for several intervening periods. The par of exchange with Hamburgh is taken at $33.8 \frac{1}{2}$.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	For the year.
1797	35.5	35.3	35.6	36.2	36.2	36.4	36.8	37.1	37.10	37.10	38.	38.4	36.9
1798	38.	37.10	37.7	37.8	37.4	37.7	37.7	37.5	37.7	37.9	37.7	37.4	37.7
1799	37.6	37.7	37.5	36.11	35.2	35.8	35.2	34.4	33.	34.11	32.6	31.11	34.11
1800	31.7	30.8	31.2	31.6	32.3	32.	32.2	32.	31.10	32.1	31.10	30.7	31.8
1801	31.	31.7	31.7	31.5	31.7	31.4	31.5	31.5	31.7	32.6	32.2	31.10	31.7
1802	32.1	32.1	32.4	33.	32.8	33.2	33.2	33.1	33.4	33.4	33.8	34.3	33.
1803	34.2	34.3	34.8	34.4	34.4	34.7	34.2	33.1	33.5	34.7	34.8	34.10	34.3
1804	34.9	34.7	35.2	35.9	35.10	35.2	35.8	35.9	35.8	35.6	35.6	35.5	35.6
1805	35.6	35.5	35.7	35.3	35.7	35.8	35.7	35.4	35.	33.10	32.9	32.10	34.10
1806	33.11	34.4	34.2	34.2	33.10	34.2	34.5	34.5	34.2	33.7	34.5	34.8	34.5
1807	34.8	34.8	34.10	34.10	34.10	34.8	34.6	34.6	34.2	34.4	34.5	34.4	34.7
1808	34.4	34.4	34.6	34.7	34.9	34.10	35.5	35.2	34.2	33.7	31.11	32.	34.1
1809	31.3	31.2	31.	30.10	29.6	28.9	28.10	29.3	29.	28.9	28.9	29.6	29.9
1810	28.9	28.7	29.2	31.	31.	31.1	30.2	30.7	31.4	30.9	28.9	28.6	30.

The average for 14 years, from 1797 to 1810, inclusive, is 33.9

The average for 12 years from 1797 to 1808, inclusive, is 34.5

This average is rendered advantageous, by the exclusion of the years 1809 and 1810, in which the exchange on Hamburgh experienced a considerable depression.

The average for 9 years, from 1797, to 1799, and from 1803 to 1808, inclusive, is - - 35.3

In this average are not included the years 1800, 1801, and 1802, in which, from particular circumstances, there was a material depression in the exchange.

The average for 6 years, from 1803 to 1808 inclusive, is - 34.7

During this period the exchange recovered from its former depression.

The average exchanges of 1809 and 1810 is about $5\frac{1}{2}$ per cent below that of 1800 and 1801; although, on the 2nd January, 1801, the exchange on Hamburgh was as low as 29.8.

The exchange on Hamburgh, on

the 24th of February, 1797, the post-day preceding the date of the Bank Restriction Bill, was - 36.

The average exchange for four years after the commencement of the late war with France, from 1793 to 1796, inclusive, is - 34.10

The average exchange for 6 years of peace, from 1787 to 1792, inclusive, is - - - 35.

For 10 years preceding the restriction on the Bank, the rate of exchange was under 35, which is about one per cent. higher than it ruled from 1803 to 1808, inclusive; though, during the former period, gold was in general circulation, and, in the latter, it was withdrawn, and the amount of Bank notes was nearly doubled.

The fall which commenced about the end of 1799, and is stated to have continued to the end of January, 1801, is very sufficiently and fully accounted for, by the great commercial distress, large importations of corn, (and) heavy subsidies," at that period.

If the exchange was susceptible of so great a depression at a time when there was a comparatively unrestricted commerce with

the Continent, and when the expence of conveying bullion abroad was at an ordinary rate, is it unreasonable to conclude, that, when the same causes are in operation, to which is now to be added a very restricted state of export commerce, a similar depression may naturally take place, without its being produced by the actual amount of our paper circulation? In illustration of this, it may be observed, that, *after such an unfavourable state of things had prevailed, and after such a depression had existed in the foreign exchanges, the latter improved, and from January, 1803, to September, 1808, the average exchange remained at a rate rather above the established par with this country, notwithstanding a progressive increase had, during that period, taken place in our paper circulation from $13\frac{1}{2}$ to 18 millions.*

From September, 1808, a progressive but fluctuating fall took place, and at the close of 1810, its depression was not much below the fall which has been amply accounted for before. An additional issue of paper has certainly been made in that time, but it was, perhaps, rendered in part necessary by the disappearance of a large portion of the coin, which was then in circulation, and which

was taken out of it by this unfavourable state of the exchange.

It may be asked here of those who maintain the opinion, that the great and ruinous depression in the foreign exchanges is mainly produced by an excessive issue of paper currency, rather than by an unfavourable state of commerce, how it occurred, that the average exchange still continued to be favorable to this country, from the time the Bank Restriction Bill was passed, to September, 1808, with the exception of the depression which happened in the time between the close of 1799, and the end of 1802, a period of nearly two years, and the cause of which has been already very fully and adequately explained. Since the end of 1810, there is no reason to believe, that any increase has been made in the issue of Bank paper, but, on the contrary, that its quantity has been reduced; and yet, a further depression has been experienced in the foreign exchange to the extent of 20 per cent, since that period, it having been in March as low, on Hamburg, as 23 . 2.

Is it then possible to attribute this fall to the excessive amount of our paper currency? Or, is it not rather very naturally and cor-

rectly to be ascribed to that disadvantageous state of our commerce, which makes it impracticable for us to meet the charges which an indiscriminate importation has brought against this country, at a time, too, when the demands of government for our foreign expenditure must necessarily be unusually great? The foreign demands of all descriptions must, under such circumstances, necessarily enhance the value of the precious metals. At the present rate of exchange the price of gold in Hamburgh is 5*l.* 12*s.* per oz.; and of dollars 7*s.* 3*d.* per oz.; from which is to be deducted the price of conveyance, to establish its relative value in this country. Is it not then easy to foresee the inevitable consequence of an issue of coin, during the continuance of such a state of affairs? Is it not evident, that the price of bullion, which may be required for the liquidation of foreign demands upon us of every description, must become enormously high?

It has been asserted by the most strenuous advocates for payments in specie, that, if gold were again brought into circulation, the intrinsic value of our circulating medium would be thus re-established, and would, of itself, produce the effect of reinstating our ex-

changes, so that any difference to our disadvantage would not exceed the expence attending the exportation of bullion. It is thus supposed that the precious metals being brought again into circulation, would merely, by correcting the depreciation of our paper currency, immediately affect the course of the exchange, and consequently diminish the price of bullion. But this is certainly an expectation too extravagant to be realized; for it could only have this effect in proportion to the extent to which it was remitted abroad for the payment of foreign demands against us.

However paradoxical it may appear, it is no less true, that if the precious metals were again restored to circulation, and if the laws of the country could *possibly* be so rigidly enforced, that not an ounce of the coin should be melted, nor a single guinea exported, yet, the mere circumstance of bringing these metals into circulation, would, if the whole of the circulating medium were then equal to its present amount, certainly have no one effect whatever, either on the foreign exchanges, or on the price of bullion; and the singular phenomenon would be produced of an existing scarcity and consequent dearness

of bullion, with an abundant and cheap gold currency for our principal circulating medium. As this, however, is quite impracticable, the result of restoring, under the actual circumstances of the country, gold currency to its former circulation, would be, that it would be sent out of the country with more profit to the illicit exporter of it, than even bullion itself; and, consequently, it would go to a less reduction of our foreign debt, than an equal weight of bullion appropriated to that object.

It cannot be doubted, but that an excess of paper circulation, like that issued in various foreign countries, viz. Russia, Denmark, Sweden, Austria, &c. must be productive of a depreciation proportionate to the degree of its excess; but then it should be recollected, that it is issued by the government of these countries, arbitrarily, without its representing any real value, and without any pledges for its re-payment. In these countries, too, such issues are usually made instead of resorting to the practice of contracting loans for the public service. There is, however, this most material difference between the paper currency of those countries, and that which now constitutes the principal circulating medium in this country, that, in the former, it is issued

by the *government*, unrepresented by any pledges on the part of the country, (as is the case in Great Britain), for the redemption of the public debt; while here the paper circulating medium is issued by *individuals*, who are bound for its repayment, and who are enabled to do this by the securities in their possession, and which securities are adequate to its redemption.

Among the arguments urged by the select committee, it is admitted, that, in foreign countries, "the excess of paper has usually been accompanied by another circumstance, which has no place in our situation at present, *a want of confidence in the sufficiency of these funds* upon which the paper has been issued."*

So long, then, as a general confidence prevails in the sufficiency of such funds, it does not seem, that the actual degree of excess in our paper currency can have caused any very extraordinary depreciation in its value, or advanced the price of commodities in general, more than would have been the case, had there been in circulation a similar excess of coin, not legally applicable to exportation, and effectually prevented, if it

* Report, p. 17.

were possible, by a rigorous enforcement of the laws. Whether so extensive a circulating medium be really required, is a question of a different nature, and, perhaps, it would be difficult to answer it decisively. Certainly, the constantly augmenting wants of government, the extension of various branches of our commerce, the increased taxation and rentals of the country and produce of the land, with many other circumstances, would appear to require a larger circulating medium; and they go far towards explaining the necessity for that increase in it, which has swelled its amount so considerably within the last fifteen years.

There is also another circumstance, which materially distinguishes the character of the paper currency in most foreign countries. It is, in substance, remarked in the Report,* that the rate of exchanges, and the price of bullion are not only established as a principle by the most eminent authorities upon commerce and finance, but are resorted to by their statesmen as the best criterion to judge by, whether their paper currency was or was not excessive. In those countries an *agio* being permitted, the extraordinary depreciation of

* Bullion Report, p. 15.

their paper is easily ascertained by the relative value which it determines between the coin and the paper of that country; and this distinction in value is made in all money transactions at home, as well as with reference to foreign exchanges. The paper currency of those countries, being a mere arbitrary issue, is put into circulation by the government, at the depreciated value which it bears at the time of its being issued, and is therefore to be regarded merely as the floating debt of the country, for the ultimate redemption of which, no provision is, in most cases, intended to be made.

As in these states, the course of the foreign exchanges has an immediate reference to their depreciated paper currency, it may, of course, be sensibly affected by its excess; and, if an agio were permitted in Great Britain, there is no doubt but that our gold coin would bear a premium above the mint value of the guinea, in the same proportion as the price of bullion exceeds that value, if the coin were allowed to be exported. So long, therefore, as the state of our commerce and of our foreign remittances, requires an exportation of bullion to be made, such a distinction would continue to exist. It would, conse-

quently have the effect of apparently depreciating our paper, though the latter should continue to represent an equivalent in any other commodity but gold, which thus acquires a higher value, from its practical application to foreign purposes. But this would cease, whenever the state of public affairs should be such as to render an exportation of bullion unnecessary, or when the state of our commerce should procure supplies of the precious metals adequate to the whole amount of our foreign demands of every description.

In the following passages the Bullion Committee assume as an indisputable conclusion, what, from its nature, must necessarily be contingent.

“It appears to your Committee to have been long settled and understood as a principle, that the difference of exchange resulting from the state of trade and payments between two countries, is limited by the expence of conveying and insuring the precious metals from one country to the other ; at least, that it cannot for any considerable length of time exceed that limit. The real difference of exchange, resulting from the state of trade and payments, never can fall lower than the amount of such expence of carriage, including the insur-

ance. The truth of this position is so plain, and it is so universally agreed to by all the principal authorities, both commercial and political, that your committee will assume it as indisputable."—Report, p. 11.

This would undoubtedly be true, if the coin of the country were permitted to be exported, or if bullion could be purchased at the mint price of that coin, and if a sufficient supply of it could thus be obtained to meet all the wants of the country. In accomplishing this, the committee appear *to assume the practicability of procuring a sufficient supply of the precious metals*, and they leave altogether out of consideration the extreme difficulty and risk of effecting the introduction even of bullion on the continent at this moment, together with the many casualties attending such an attempt, against which no provision can be made by insurance.

The committee also assume in the following extract from this report, another argument, which is destitute of the support necessary to give it validity.

"A favourable balance of trade on the face of the account of exports and imports, presented annually to Parliament, is a very probable consequence of large drafts on go-

vernment for foreign expenditure; an augmentation of exports, and a diminution of imports being promoted, and even enforced by the means of such drafts. For if the supply of bills drawn abroad, either by the agents of government, or by individuals, is disproportionate to the demand, the price of them in money falls, until it is so low as to invite purchasers; and the purchasers, who are generally foreigners, not wishing to transfer their property permanently to England, have a reference to the terms on which the bills on England will purchase those British commodities, which are in demand, either in their own country, or in intermediate places, with which the account may be adjusted. Thus, the price of the bills being regulated in some degree by that of British commodities, and continuing to fall till it becomes so low as to be likely to afford a profit on the purchase and exportation of these commodities, an actual exportation nearly proportionate to the amount of the bills drawn can scarcely fail to take place. It follows, that there cannot be, for any long period, either a highly favorable or unfavorable balance of trade; for the balance no sooner affects the price of bills, than the price of bills, by its reaction on the state of trade, pro-

motes an equalization of commercial exports and imports. Your committee have here considered cash and bullion as forming a part of the general mass of exported or imported articles, and as transferred according to the state both of the supply and the demand; forming, however, under certain circumstances, and especially in the case of great fluctuations in the general commerce, a peculiarly commodious remittance."—Bullion Report, p. 13.

They here assume that that is feasible which is generally known and felt to be impracticable. If this were not so, no objection could well be urged against the soundness of their reasonings upon this point. But they argue as if our commerce with the continent was perfectly unfettered by the enemy's restrictions; and argue, too, unconditionally, and without any reference, in this part of the report, to what has been submitted to them in evidence, as to the many and pressing difficulties which obstruct our continental commerce; notwithstanding it had been stated to them, that the relative value of goods on the continent presented a much stronger inducement * to merchants to em-

* Appendix, page 66.—Vide Mr. Greffulhe's Evidence.

bark in this trade, than any that could be held out to them by the great and extraordinary reduction in the rate of exchange, which, in the opinion of the committee, would itself affect the price of bills, and by its reaction on the state of trade, promote an equalization of commercial exports and imports. Nor is it immaterial to observe, that the few channels which were in some degree open to us on the continent, at the time the Report of the select committee was laid before the House of Commons, have since been almost hermetically closed against British commerce.

In closing these remarks, it is important to observe, that the only effect which would be produced by the resumption of payments in specie by the Bank, would be the illicit exportation (if at the period of this resumption the situation of the country were similar to what it is at this time,) of all our gold coin, and at a much less rate of value than in the shape of bullion. For it cannot be imagined, that the gold coin, restored to circulation,

could in any other way affect the course of exchange.

The only effectual means of remedying the various evils which at present exist, with regard to the state of the commerce of the country, its circulating medium, and its finances, is to regulate our commercial relations by the maxims of a more vigorous and decisive line of policy. As the prohibitory system, which is now so rigidly enforced on the continent, precludes us from the benefits of an export trade to it, it is indispensably requisite, that we should endeavour to counteract this evil, by opposing to it similar measures. Whether such measures may have the effect of forcing the enemy to act on principles of reciprocity, must at present be doubtful; but, in the event of their failure, it would be a preferable course to try this experiment, whatever privations may accompany it, than longer to submit to the many serious and alarming consequences, which must inevitably flow from a perseverance in our present system. If, however, any exception be made to the general plan of closing our ports against *all importations from those countries, where our exports are not admitted*, it

should be confined to the admission of such articles only as are of indispensable necessity. There are but few commodities which we could not procure from other places, with which we should at the same time have the full benefit of a reciprocity of commerce; and there can be no doubt, that, by judicious arrangements, we might, in a very short period, render ourselves completely independent of the Baltic Powers.

It is of infinite importance that we should direct our attention to this point; for our situation would indeed be deplorable, if such supplies could be obtained from no other quarter. If they refuse to receive commodities* of every description from this country, and if we should not have bullion enough for the payment of such importations from the North, our embarrassments would be inextricable. Ruinous as this trade may be, it would, even in this case, be continued no longer than for the period that we should be enabled to provide bullion for the purpose,

* Some illicit trade will still necessarily find its way into the enemy's ports; but its value is not of sufficient importance to become a matter of any consideration, and it is from its character in many respects objectionable.

and when the capacity of doing this ceased, the trade must cease altogether.

If such a state of things should ever arrive, it would necessarily produce that very reciprocity of trade, upon which we ought strenuously to have insisted from the commencement of our commercial intercourse with the Northern States, unless we can suppose their resources to be so considerable as to render them independent of their export trade.

Pursuing that course of commercial policy which the peculiar circumstances of the country appear so urgently to require, we should admit of an unrestricted export-trade, and limit the importations from those countries alone, where our exports find admittance; deviating from this principle only in cases of absolute necessity. Should such measures fail in their intended effect, as to a general commerce, they would at least counteract that most injurious balance against this country, which arises from our excessive importations from the continent. They would consequently, too, be eminently conducive to the reinstatement of an advantageous course of exchange, and would reduce the present very high price of bullion, which has been prin-

cipally occasioned by its great depression. The apparent depreciation in our paper currency would be corrected, and its relative value would soon be nearly, or quite equalized with the intrinsic value of the precious metals.

THE END.



